FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,291 Friday October 10 1980 ***25p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28; DENMARK Kr 5.00; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 800; NETHERLANDS Fl 2.0; NORWAY Kr 5.00; PORTUGAL Esc 45; SPAIN Pta 75; SWEDEN Kr 5.00; SWITZERLAND Fr 2.0; EIRE 25p; MALTA 20c

NEWS SUMMARY

GENERAL

Labour turmoil over Callaghan

Labour's Shadow Cabinet was thrown into confusion last night by a BBC report that Mr. James Callaghan had decided to resign the party leadership.

Sir Tom McCaffrey, Mr. Callaghan's Press secretary, later refused to confirm the report. He said: "Mr. Callaghan has not told anyone of his decision and will not do so until he meets his colleagues in the Parliamentary committee next week.

"The BBC, therefore, could not have learned this from anyone of any authority."

Martens plan

Belgian Premier-designate Wilfried Martens proposed to freeze wages for at least a year and increase aid to industry. Editorial, Page 24

NATO offer

NATO said it would consider *recent Soviet proposals on troop* reductions in Europe, but only *if the Warsaw pact gave more* information on its armies' *strength*.

Butler charged

Police charged a 49-year-old butler from London with being an accomplice in the theft of 19 paintings worth £2.7m from *the late Sir Charles* Clore's Monte Carlo apartment.

BBC appointment

BBC TV's managing director, Mr. Alisdair Milne, will be the corporation's deputy director when Mr. Gerard Mansell retires from the post at the end of the year. Page 6

Hotel rooms deal

Cut-price London hotel accommodation will be available to British Airways passengers from overseas this winter, following a deal with eight major hotel groups. Page 7

Church cash call

The Church of England should campaign to increase members' giving, Church Commissioners say in their annual report today.

Cartoons attack

The World Synod of Bishops denounced as "obscene and blasphemous" cartoons in a Left-wing Rome newspaper ridiculing the Catholic Church's ban on birth control.

Thailand floods

More than half of Thailand was flooded after torrential monsoon rains. *At least 12 people were* drowned.

Shipwrecks bid

Greece is to try to raise the wrecks of ancient Roman ships that sunk off the north-western coast in the battle of Actium in 31 BC

Briefly . . .

Russian dissident Victor Kapitanchuk was given a suspended five-year sentence after admitting anti-Soviet agitation.

Reputed Mafia chief Nello Pernice was shot dead at the wheel of his car in Milan, a few days after being released from jail.

Four were injured when a hand grenade was lobbed into a crowd in Salisbury's Tafara black township.

Polish poet Czeslaw Milosz was awarded the Nobel prize for literature.

Two of Turkey's top political party leaders until last month's coup were flown to Ankara and may be prosecuted. Page 2

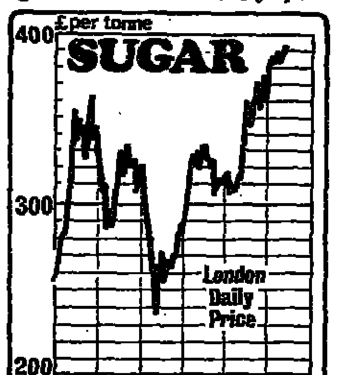
BUSINESS

Equities off 5.8; sugar at 5-yr high

● **EQUITIES** eased on the prospect of high interest rates continuing, the FT 30-share index *losing 5.8 to 473.7. Gold Mines* rose 14.9 to 531.5. Page 40

● **GILTS** were steady, the Government Securities index remaining unchanged at 70.94. Page 40

● **SUGAR** prices surged on rumours of renewed Soviet buying. The London daily price



for raw sugar was up £9 at £392 a tonne, the highest since January 1975. Page 36

● **STERLING** gained on demand from New York, closing 35 points higher at $2.3970. Its trade-weighted index rose to 76.1 (75.8). **DOLLAR** was firm, its index remaining at 83.4 Page 30

● **GOLD** rose $13 in London *to $689.5. Page 30*

● **WALL STREET** was 2.3 lower at 961.69 before the close. Page 29

● **FIRST NATIONAL** City Bank of Chicago has started accepting deposits in special drawing rights, the IMF currency basket. Page 33

● **BORROWING** by central goveriment rose sharply in the first half of the fininacial year, reflecting higher than planned public spending and a squeeze on the power and coal industries. Back Page

Isle of Grain accord hope

● **CONSTRUCTION** section of the Amalgamated Union of Engineering Workers has agreed to TUC advice if an inter-union dispute at the Isle of Grain is not settled by October 20. Page 10

● **MINEWORKERS'** union will present an average *35* per cent pay claim to the National Coal Board, with a warning that any final settlement must be well *into double figures. Page 10*

● **NISSAN** motor company of Japan and Alfa Romeo, the Italian state-owned car group, have signed a joint venture deal to produce 60,000 cars a year from a plant near Naples. Back Page; background, Page 5

● **MIDLAND BANK** is arranging its first Deutsche-mark bond, a ten-year issue which includes a coupon of 8¼ per cent and expected to be priced at 99. Page 33

COMPANIES

● **BOWTHORPE HOLDINGS**, electronic components manufacturer, improved taxable profits by over £1.3m to £4.97m in the first half on turnover up from £24.5m to £28.34m. Page 27

● **HOWDEN-STUART PLANT**, the plant hire group, reports pre-tax profits down from £4.73m to £2.75m for the 26 weeks to August 3. Page 27

● **BENTALLS**, *department* stores, saw first-half taxable profits drop from *£918,000 to* £104,000. Page 26

CHIEF PRICE CHANGES YESTERDAY

Prices in pence unless otherwise indicated)

RISES:

Treasury 8¾pc 1997	£75¾	+ ¾
Higgs and Hill	82	+ 5
Jones Group	68	+ 4
Comportex	346	+ 15
United Carriers	193	+ 7
Watson and Philip	40	+ 4
Wheelock Marden	56½	+ 5
Hunting Petroleum	210	+ 10
RCA Intl.	152	− 9
Anglo-Am. Gold	£59¾	+ 2¼
Cons. Gold Fields	677	+ 23
EZ Inds.	330	+ 20
East Driefontein	£17¼	+ 1¼
Laona Gold	160	+ 12
Hartebeest	£45¼	+ 2¼
Minorco	730	+ 60
Poseidon	320	+ 14
Randfontein Estates	£46	+ 3
South African Land	637	+ 42

FALLS:

Exch. 14pc 1984	£102¼	− ¾
Akroyd & Smithers	363	− 7
Bell (A.)	168	− 6
Burton	97	− 4
Cartwright (R.)	47	− 8
European Ferries	160	− 7½
Gerrard & National	280	− 7
Glaxo	216	− 6
GUS "A"	446	− 8
Green's Economiser	109	− 11
Hampton Trust	71	− 6
Huntleigh	120	− 14
Marler Estates	90	− 4
Metal Box	260	− 6
Pyke (Holdings)	35	− 10
Rockware	60	− 3
Tarmac	259	− 8
Tate of Leeds	66	− 4
Vickers	130	− 6
Vosper	75	− 4
Rustenburg Plat.	346	− 10

North Sea oil bonds for small savers on sale next year

BY RAY DAFTER AND ELINOR GOODMAN

SMALL INVESTORS will be given the opportunity late next year to buy savings bonds linked to British National Oil Corporation's North Sea oil revenues.

Mr. David Howell, Energy Secretary, pledged the Government's commitment to the "unique investment medium" at the Conservative Conference in Brighton yesterday. He also kept the door open for a sale of shares in the state oil corporation, telling delegates that the Government would introduce enabling legislation for this.

It is expected that about £500m worth of bonds will be issued through Post Offices and National Savings banks. The denomination of the bonds is likely to be £25 or less, to attract small savers. There may well be a fairly strict limit on the amount of bonds held by any one person.

It is thought that the oil bonds will be valid for a period of from five to 10 years. They will be encashable at any time.

The interest, related to the gross revenues from certain BNOC offshore holdings, will be accumulated, rather than paid on a six-monthly or annual basis. The return to the bond holders will be dictated by the *level of BNOC's oil production*, and by the price of oil.

The investment will not be without risk. The rate of production from the specified fields could be hit by accidents, reservoir problems, or Government depletion measures.

Among the fields which could be linked to the scheme are: Thistle, Ninian, Muchison, Bea*trice, Dunlin, Statfjord, Brae, Hutton, and Clyde—all of which include BNOC as a shareholder.*

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Editorial Comment, Page 24
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In spite of Mr. Howell's promise of legislation to make it possible for the Government to offer shares in the corporation at some unspecified date, the Government is thought to have no immediate plans for this. As the Cabinet wants to keep control of the undertaking for both security and oil revenue reasons, any share issue would relate to only a minority stake in BNOC.

The enabling legislation will form part of a package of proposed measures, including the formal ending of BNOC's right to be a special adviser to the *Government, and the ending of* its former privilege of an automatic 51 per cent equity stake in offshore developments.

The announcement on the bonds issue went down well with the Conference, but the absence of any firm commitment to an equity offer came as a disappointment to many Tory MPs interested in energy.

The Conservative Back Bench Committee on Energy is likely to press for a firm commitment and timetable for the equity issue when the legislation comes before the House.

Philip Rawstorne writes: Dr. David Owen, Labour's energy spokesman, said yesterday that the Government's oil bonds issue was "only window dressing" to cover a second switch of policy. The Government, after first deciding to sell BNOC and then to split it and sell equity shares, was now going to keep it intact.

"Apart from Zimbabwe, this is the biggest U-turn that this Government has yet made," Dr. Owen said. "North Sea oil policy now can develop, hopefully without the dogma of either privatisation or nationalisation. The benefit to the nation will be a long-term energy policy maintained across successive governments."

Howe promises industry priority for tax cuts

BY RICHARD EVANS, LOBBY EDITOR

SIR GEOFFREY HOWE, Chancellor of the Exchequer, yesterday promised industry and small businesses top priority for tax cuts. But in a hard-line speech to the Conservative Party conference he indicated no shift in the Government's economic strategy. He left unspecified timing of new taxation benefits for industry. They are clearly not imminent, but he sad he recognised the scale of the pressures for relief.

One key message from his speech was Sir Geoffrey's determination to curb public spending further in order to ensure that the Government can maintain its manifesto programme of tax reduction and reform during this Parliament.

The reception he received and the tone of the economic debate indicated that he will have the overwhelming backing of party activists when he seeks this autumn to extract further cuts of £1bn from Cabinet colleagues in major spending departments.

The Chancellor's theme was *forthright and delivered without*

The Cabinet is to consider a tax exemption scheme to encourage small savers to invest in new businesses. A Government-backed loan guarantee scheme will also be considered, Back Page

qualification: the Government would continue with its policies in the belief that they would become increasingly effective.

"There is no sensible alternative to the course on which we are set. It would be folly beyond belief to turn back now. Have no fear, we shall not falter, we shall win through," he assured the conference.

The debate, probably the most significant of the conference, gained renewed support for the economic policies following the growing criticism of their impact on industry and jobs.

Sir Geoffrey gave no hint either about the timing of any reduction in interest rates and he stressed that the only sure way to lower them was to cut substantially the need of the public sector to borrow money.

He also made it clear that this would be done by pressing home the campaign to cut public spending rather than by raising taxes. That possibility was floated last month by Mr. John Nott, Trade Secretary.

Sir Geoffrey also left no doubt about the grimness of the immediate *future*, *nor about* the

Continued on Back Page

ICI may close fibres plants

BY SUE CAMERON, CHEMICALS CORRESPONDENT

IMPERIAL Chemical Industries is expected to announce large-scale redundancies and plant closures in its loss-making fibre division next week.

Two days ago the group called in senior trade union officials to outline options for dealing with the difficulties in the fibres division. The union representatives are understood to have been horrified by what they were told.

Sir Maurice Hodgson, chairman of ICI, said in June that *the company might have to* consider shutting its fibres sector altogether. It appears that subsequent efforts to improve performance have failed.

ICI's fibres business has been making losses for the past five years. In 1979 it lost £33m and it is understood to have lost a similar sum in the first six months of this year.

Since 1975 the division has lost a total of £104m and industry experts believe losses in 1980 could be more than £70m. ICI's pre-tax profits between April and June this year were only £72m—52 per cent down on the figure for the first three months of the year.

The brunt of the planned job cuts are expected to be borne *by the polyester side* of the division. But produc*tion of nylon, the other main* ICI fibre, is also expected to *be hit. Its petrochemicals* division, which supplies about *a third of the raw materials* for the fibres business, will *be affected*.

Six months ago Dr. Rab *Telfer, chairman of the* group's petrochemicals division, warned *his staff that* the future of a number of plants—including those at North Tees and the nylon works at Wilton and Ardeer —depended "almost entirely on fibres' viability."

The fibres division employs 9,500 people. Its headquarters are at Harrogate, N. Yorks, and it has plants at Glouces*ter, Doncaster and Ardeer in* Scotland—all producing nylon *—and at Pontypool in South* Wales and Kilroot in North*ern Ireland, which produce* polyester. The division has a *nominal nylon production* capacity of 200,000 tonnes a year while that for polyester is 100,000 tonnes.

A total of 8,400 jobs in the sector have gone since 1973. Its performance is being affected by overcapacity throughout Europe, cheap imports from the U.S. and the *recession*.

Yesterday ICI's shares *dropped to* 324p before closing at 330p, unchanged *on the day*.

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Steel likely to lose extra 25,000 jobs

BY ALAN PIKE

THE BRITISH steel industry faces the prospect of a radical reshaping of its structure which is likely to cost up to 25,000 more jobs in the beleagured State-owned British Steel Corporation and change the relationship and boundaries between the public and private sector.

A new corporate plan, which Mr. Ian MacGregor, the BSC chairman, will present to Sir Keith Joseph, Industry Secretary, in December, is likely to propose a State sector with a capacity of 12m liquid tonnes a year compared with the 15m tonnes to which BSC has been *scaling down this year*.

The corporation is anxious not to be *forced to drop capacity* below 12m tonnes at this stage. But *even this target* involves an optimistic view of demand *for BSC's products after* the recession.

If demand continues at its present depressed level, a capacity of little more than 8m tonnes would be justified, and without a substantial improvement in performance the 12m tonnes would become a staging point on a sliding-scale to a still smaller industry.

To reach the 12m tonnes level, and also to achieve productivity and manning improvements which Mr. MacGregor is convinced are necessary to make BSC internationally competitive, it is likely that some 25,000 jobs will have to go, on top of the 52,000 which BSC is shedding this year.

But the crisis in the British steel industry is no longer confined to the heavily loss-making BSC. Sir Keith will shortly receive an urgent plea from the private sector warning him that a number of companies there are in serious trouble because of the fall in demand.

The British Independent Steel Producers' Association will tell Sir Keith that some of its members believe there is as little as two months left for action to be taken to prevent a severe crisis in the private steel sector, which has a capacity of 5m tonnes and a workforce of 70,000.

It is already accepted in Whitehall that decisions which the Government will have to make after it receives Mr. MacGregor's corporate plan in December cannot be related to BSC in isolation, but must be determined in the context of an overall strategy for the entire British steel industry.

Talks on possible collaboration projects and spheres of influence between BSC and individual private companies have taken place periodically over several years. But the need to reconsider the boundaries between the two sectors has been given a much greater note of urgency by the current steel crisis.

A likely outcome within a national strategy for steel would be rationalisation in those areas where the two sectors overlap *— involving such companies as* GKN, Duport, Hadfields, and Round Oak, in which BSC holds a 50 per cent stake.

BSC is, *meanwhile, preparing* for further painful action in its *efforts to ensure its own future*.

Determined West German opposition yesterday forced a delay until October 22 in the European Community's formal adoption of emergency powers to force its ailing steel industry to cut production.

But after conceding the postponement at a meeting of their permanent representatives here, the other eight EEC states were adamant that this crisis steel plan would go through with or without German support by October 22.

The corporation is determined that its manning levels and working practices must be brought into line with the most efficient in Europe — the ideal is considered to be Thyssen in West Germany. Dr. David Grieves, managing director for personnel, will visit the Jones and Laughlin Steel Corporation in the U.S. shortly to study work practices there.

BSC is anxious to convert its measurement of output from the traditional man-tonnes per year into man-hours per tonne and launch a drive to get this figure as low as possible.

While the productivity agreements included in the settlement of last winter's steel strike have worked reasonably effectively, the corporation is determined that more work must be done on productivity, with the non-production and white-collar workers much involved.

The corporation will begin attacking these problems at the start of next year.

Steel production down, Page 6

£ in New York

—	Oct. 8	previous
Spot	$2.3960-3970	$2.3920-3930
1 month	0.84-0.79 dis	0.64-0.59 dis.
3 months	1.64-1.59 dis.	1.28-1.23 dis.
12 months	2.10-1.95 dis.	1.90-1.70 dis.

Sales to Indonesia at risk in textile row

By Richard Cowper in Jakarta and David Dodwell in London

BRITISH CONTRACTS in Indonesia worth at least £150m. have been put in jeopardy as the result of a row which broke out in July over quotas on Indonesian textile exports to Britain and now loosk like turning into a serious trade war.

Prominent among the contracts threatened are a methanol plant costing over £83m which had been awarded in principle to a consortium led by Britain's Davy McKee, an extension to an oil refinery worth at least £12.5m to the British subsidiary of Bechtel, and a £40m order for Hawker Siddeley 748 passenger aircraft.

Hopes that the row might be resolved were dashed last week after talks broke down in Brussels between the EEC, which was acting on Britain's behalf, and Indonesia. Trade officials described differences as "unbridgeable."

While sections of British industry threatened by the trade war accuse the UK Government of being too attentive to the demands of the powerful textile lobbies, the Department of Trade is speaking of unprecedented Indonesian action which threatens the whole integrity of international trade agreements like the Multi-Fibre Arrangement (MFA).

The row erupted in July when the EEC, after an approach from Britain, imposed additional quotas on imports of Indonesian textiles to Britain. Sales to Britain of Indonesian trousers, blouses and shirts rose from an insignificant 5,000 items in 1976 to 797,000 in 1979, and to 2.5m items during the first half of 1980 alone.

After seven months in which British trade officials tried in vain to bring the Indonesians to the negotiating table, the Indonesians eventually submitted proposals which would have lifted its existing quota allocation under the EEC's Multi-Fibre Arrangement from the 800,000 item trigger level of 1979 to more than 5m items this year. It was at this stage that Britain went to the EEC.

British officials are not only alarmed by the inflated quota demand, but by the subsequent retaliatory action which has brought the two countries to the verge of a total trade war. They claim that such action is specifically "outlawed" under the General Agreement on Tariffs and Trade (GATT), to which both Britain and Indonesia are signatories.

Continued on Back Page

Turkey to place right-wing leaders on trial

BY METIN MUNIR IN ANKARA

TWO PROMINENT political leaders in Turkey's ousted democratic regime are to be brought to trial in connection with alleged crimes against the state.

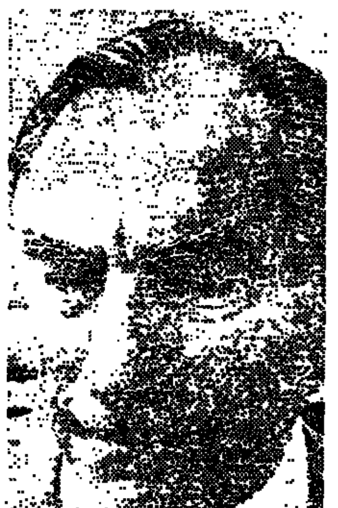
They are Mr. Necmettin Erbakan, chairman of the Islamic fundamentalist National Salvation Party, and retired Colonel Alparslan Turkes, leader of the extreme right-wing Nationalist Action Party. Yesterday the two men were flown to Ankara from an island off Turkey's Aegean coast where they had been exiled internally and taken to a military prison. With an army officer sitting between them, the politicians were driven in a heavily escorted minibus which made its way to an army garrison prison in the capital.

They are expected to be placed under arrest formally in a day or two.

The precise nature of the charges against the two politicians is not known, and no date has yet been fixed for their trial. Mr. Erbakan is likely to be charged with attempting to establish an Islamic state and Mr. Turkes with involvement in right-wing terror in order to found a neo-Fascist state. Both are offences under the Turkish criminal code.

Whatever the outcome of their trial, it is understood that Gen. Kenan Evren's regime is determined to put an end to their political careers.

Mr. Suleyman Demirel, the former Prime Minister, and Mr. Bulent Ecevit, the main opposition leader, are both in internal exile and recent reports suggest they are about to be released. Even if they are, however, the generals are not expected to allow them to take part in politics until democracy is restored at an unspecified date.



Mr. Turkes (above) and Mr. Erbakan have been brought to Ankara from internal exile on an Aegean island

'N-free Nordic zone' call

BY WILLIAM DULLFORCE IN STOCKHOLM

NORWAY'S Labour Government, already under pressure from within the party over its decision to stock heavy military equipment in Norway, suffered a further blow when Mr. Jans Evensen, a former Minister and prominent Labour Party figure, called for a nuclear-weapon-free zone to be set up in the Nordic countries — Norway, Sweden, Denmark and Finland.

Mr. Evensen's suggestion, made during a speech to the Chemical Workers' Union congress, is seen as a direct challenge to the foreign and security policies of the Nordli Government and of Mr. Knut Frydenlund, the Foreign Minister, in particular.

Mr. Evensen is regarded as a figurehead for the Left-wing group within the Labour Party. This opposed the NATO decision to modernise its tactical nuclear weapons in Europe, and opposed the decision to stock equipment for U.S. marines, who would reinforce Norway

France sets lower money supply goal

By Terry Dodsworth in Paris

THE FRENCH Government has underlined its commitment to a tough monetary policy by setting its sights on a slightly reduced target for money supply growth next year.

The aim to limit growth to 10 per cent compares with this year's 11 per cent objective, which the authorities will probably come close to achieving after several years of overshooting. The Government says its overriding objective is to keep monetary growth well below the expected 12.3 per cent expansion of gross domestic product.

One of the main consequences of this new target will be a contraction in the limits set on the expansion of bank lending, the main weapon used by the monetary authorities in the attacks on inflation.

Details of revised credit ceilings have not been announced, but the authorities have made it clear that virtually all types of loans will be more difficult to find next year, except in the export and housing sectors.

The measures will not please many of the French banks, who have fought a long battle against the so-called encadrement system on the grounds that it freezes their development by controlling their lending patterns.

Earlier this year, the banks were hit by a government move to bring some of their three areas of lending further under the encadrement system. This restrictive step is now being slightly relaxed but only to help exports and housing, both areas where industry is clearly in need of a boost.

While the expected slowdown in the economy next year is likely to help the Government meet its monetary targets, the Economics Ministry will also continue to follow its anti-inflation programme of financing an increasing proportion of the budget deficit by long-term borrowing.

In line with this policy, a new government loan of FFr 9bn (£900m) was announced yesterday, bringing this year's total to FFr 29.5bn. With a likely deficit of some FFr 35bn for 1980 this means that a far higher proportion of government needs has been financed on the financial markets than in previous years.

Yesterday's loan carries a coupon of 13.8 per cent over a seven-year period.

VIOLENCE ERUPTS ON TURIN PICKET LINE

Fiat lay-off talks end in deadlock

BY RUPERT CORNWELL IN ROME

THE four-week-old dispute over Fiat's plans to lay off almost 23,000 wokers in its troubled car and steel divisions is developing into a confrontation which could shape future industrial relations in Italy.

Three days of talks between management and unions broke off in Rome yesterday with the two sides as far apart as ever. Sig. Franco Foschi, the Labour Minister, afterwards said grimly that negotiations were "at a complete standstill."

In Turin, where Fiat's main plants have been paralysed for over three weeks, violence has started to break out over the picketing which has prevented workers entering, or goods leaving, the factories.

Yesterday, for the second successive morning, scuffles took place between pickets and plant managers trying to make their way in. Only forceful intervention by the police prevented matters taking an even more dangerous twist.

The gulf between company and unions was underlined by the differing accounts of the incidents offered afterwards. Fiat is instigating legal proceedings against intimidation, while local metalworkers' unions attacked a "provocative" gesture by management.

Today, paradoxically, tension may be slightly reduced by a nationwide general strike when some 15m workers are expected to stop work for four hours to step up the pressure on Fiat.

The deadlock in the Rome negotiations centres on the two points that have proved difficult since the outset: the company's refusal to countenance anything more than a partial "rotation" of the layoffs; and its insistence on the principle of "external mobility," whereby surplus Fiat workers may be transferred to compatible jobs as they become available in the Turin area.

The unions claim such alternative employment does not exist, and that external mobility means redundancies by another name. Similarly, they argue that fixed layoffs for the same workers over the rest of 1980 would be paving the way to sacking, at the expiry of the three-month grace period offered by Fiat before carrying out its original plans to dismiss 14,469 employees.

As both sides dig in, the battle's symbolic importance is becoming daily more plain. Solidarity schemes are operating for workers throughout the country to provide financial and moral support for the threatened Fiat men. The company, with the tacit backing of Italian industry, is emphasising that its action is essential if big companies are to operate on a normal competitive basis.

Although the dispute is profoundly political, it is unclear how far political developments in Rome will influence its outcome. Signs are growing of a rift between a moderate union leadership and militant local representatives, but how much the latter reflect the views of the ordinary shopfloor worker remains to be seen.

It is possible, but by no means certain, that an understanding between the Government which Sig. Arnaldo Forlani is trying to form, and the opposition Communist Party, might improve prospects for a solution.

In the meantime, the difficulties of the myriad suppliers who make their living from Fiat are multiplying. The Magneti Marelli component concern is but the latest to announce layoffs.

A glimpse of the real thing for Polish MPs

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S Parliament almost felt like the real thing for a few hours on Wednesday. A thrill ran through the circular hall when one of the deputies rose to his feet to question the list of Government nominees for ministerial posts which the session was asked to approve.

The changes included the departure of Mr. Kazimierz Barcikowski and Mr. Tadeusz Grabski from their jobs as Deputy Premiers after their appointment to more influential positions in the Communist party hierarchy as secretaries and Politburo members.

Mr. Richard Reiss, Leader of the small Catholic Pax Group, did the unthinkable and suggested that, in future, the Prime Minister might like to ask deputies their opinion of candidates for Government jobs before presenting them to the Chamber. Ms. Bozena Hager-Malecka from Gdansk, who is a non-party deputy, said that it might be a good thing if more non-party members were appointed to the Government.

When it came to the voting it turned out that each nominee produced one or two abstentions. Mr. Jozef Tejchma, who was re-appointed to the post of Culture Minister, was the record holder with 14 deputies abstaining over his appointment. The Chamber did, however, maintain a healthy sense of self-preservation and unanimously approved the appointment of the new Minister of the Interior, Mr. Miroslaw Milewski.

A breath of scandal came when Parliament was asked to oppose the lifting of Mr. Maciej Szczepanski's parliamentary immunity. He was the head of radio and television who is now to stand trial on charges of misappropriation of public funds. The Chamber listened in horrified silence to a story of $1.5m of the television authority's money in a Swiss bank account, expensive presents and holidays, joint companies in the West and various other luxurious sins. The Chamber agreed to deprive Mr. Szczepanski of his immunity—the first case of its kind since the Second World War.

Another first was the introduction of Parliamentary questions. These aroused a flurry of excitement on the Government benches where in the past Ministers while away the hours reading official papers, gazing into the air, whispering among themselves and sneaking off for a cigarette.

But on Wednesday they had to answer questions on why it was taking so long to register Solidarity, the new independent union, what prospects there were for heating buildings this winter, why work on the new censorship law was being done in private and on shortages of farming equipment, car batteries and tyres.

Berlin accuses West of 'counter-revolution'

BY LESLIE COLITT IN BERLIN

EAST GERMANY'S communist leadership has accused the West of developing a "counter-revolutionary strategy" against Poland which, it says, aims at "liberalising" or "eliminating" socialism.

The tactic, it says, was developed after the failure of "counter-revolutionary activities" in the East German uprising of 1953, the Hungarian uprising of 1956, and the reformed Communist Party of Czechoslovakia, which was eliminated by Warsaw Pact forces in August, 1968.

East German and Czechoslovakia have stepped up attacks against "anti-Socialist elements" in Poland, especially the new trade unions and the opposition, which they claim are controlled from the West.

The latest attack does not mention Poland by name, but leaves no doubt that it is meant.

The East German broadside appears in the influential communist youth newspaper in a reply to a reader's question "what is counter-revolution?"

The newspaper says that institutions, especially in the U.S., have developed strategies to "liberalise" socialism in the Warsaw Pact countries from within, "that is, softening, deforming and finally eliminating it."

Using "ideological subversion", the newspaper says, "nationalist feelings" are appealed to, different classes and groups are "cultivated" and religious ties "misused."

The communist youth newspaper reflects the views of Herr Erich Honecker, East Germany's President and communist party leader, who was once head of the youth movement.

The newspaper notes that the aim is to "eliminate slice by slice" the political power of the working-class and the "leading role" of the party, to "liquidate" socialism.

Norway oil peace at risk again

By Fay Gjester in Oslo

THE CHANCES of renewed industrial action by 2,000 Norwegian offshore oil workers has increased following the announcement by the National Arbitration Board on some of its conclusions concerning the workers' long-standing dispute with their employers—the operator oil companies on Norway's three producing fields.

The Board, ordered by the Government to settle the conflict after a two-week strike last summer, has turned down almost all the workers' demands about conditions, while the pay issue has still not been clarified.

A spokesman for the unions involved said the decisions were "a slap in the face for Norwegian North Sea workers."

Among the reforms sought by the workers, but refused by the Board, was one banning the use of "contract workers" (employed by subcontractors) on producing fields. The unions wanted all offshore workers to be employed directly by the operator companies.

A demand for a lower pension age offshore is to be temporarily shelved, while it is studied by a committee. Worker representation on oil company boards has also been refused. A request for more safety ombudsmen has been sent back to the two sides in the dispute to be worked out between them.

The workers have had their way on one point, however. From January 1982 bargaining with the employers must be conducted in Norwegian, not in English, as in the past.

On the wages issue, a big gap remains between the workers' demand for a rise of over 30 per cent, and the employers' offer of a general 10.2 per cent increase, plus an extra 5.1 per cent to finance special benefits (such as compensation for "waiting time" when helicopters are delayed). There is also disagreement about the date from which the increase should run.

The question will now be submitted to voluntary arbitration and, when a date for the increase has been decided, the National Arbitration Board will rule on the size of the award.

Ireland's ruling party has a slender opinion-poll lead over the Opposition, writes **Stewart Dalby** in Dublin

Haughey's leadership faces its first test in Donegal

FOUR WEEKS before the first real electoral test of Mr. Charles Haughey's Government—a by-election in Donegal—an opinion poll yesterday found him still trailing Mr. Garret Fitzgerald, the main Opposition leader, in personal popularity.

The poll, for the Irish Times, said that while the popularity of both Mr. Haughey and Mr. Fitzgerald has dropped over the summer, 41 per cent of those questioned were satisfied with Mr. Fitzgerald, while only 31 per cent were happy with Mr. Haughey. Although the number of "don't knows" on all questions rose steeply (to roughly a quarter, compared with 13 per cent in the last similar poll), the survey found the Fianna nail party retaining its slender lead over the combined Opposition forces.

The poll also found deep dissatisfaction with the Government's performance. Only one in three approved. The major area of discontent is over the economy.

The Donegal by-election, caused by the death of the Speaker of the Dail (Parliament), is critical for Mr. Haughey.

Under his predecessor, Mr. Jack Lynch, the Fianna Fail had a very bad 1979, losing two by-elections they should have won in Mr. Lynch's native Cork. The party also did disastrously in the first direct elections to the European Parliament.

Mr. Neil Blaney, a former political associate of Mr. Haughey who now sits as an independent, may field a candidate and draw support away from Fianna Fail. He is very popular in the area. But economic worries and, even more, the Fianna Fail's severe internal problems will overshadow the contest. The party it as badly split as it has ever been in its 52-year history, and the divisions are essentiallly attributable to Mr. Haughey's personality.

When he became leader there was a general feeling that he would be able to work an economic miracle. A self-made millionaire, with a reputation as a fixer, it was widely held that Mr. Haughey had made himself prosperous and that he could make Ireland prosperous too. In fact, when he took office he was left no room for manoeuvre. When Ireland joined the European Monetary System in April 1979 and cut the parity link with sterling, the Central Bank for the first time could operate an independent policy. It imposed a Draconian credit squeeze and kept it on.

By the time Mr. Haughey became Prime Minister, monetarist solutions were not enough. Mr. Lynch, influenced by Dr. Martin Donoghue, his Minister of Economic Planning, gave too much away. He stimulated the economy fiercely when it was already coming out of the 1974-75 recession. Taxes were cut, domestic rates abolished and public spending increased. By last Christmas, the public sector borrowing requirement was over I£1bn (£870m), or 13.5 per cent of gross national product. The balance-of-payments deficit, at I£740m for the year, had become totally unsustainable.

Economic problems and deep divisions in the ruling Fianna Fail party overshadow next month's Donegal by-election, Mr. Charles Haughey's first electoral test since becoming Prime Minister.

Mr. Haughey had to deflate by fiscal means as well as keep the credit squeeze on. The Irish pound was not to come under intolerable pressure.

The results of squeezes are that there will be no growth in personal incomes this year, and virtually no growth in gross national product. Unemployment is also rising rapidly. Mr. Haughey is, therefore, happy to bear the unpopularity caused by introducing the necessary corrective measures to his predecessor's profligacy. Even his one great victory, forcing through a national wage agreement which allows roughly 13 per cent pay increases in a full year, could look Pyrrhic if inflation stays at over 18 per cent and leads to a rash of unofficial strikes like the stoppage by petrol tanker drivers.

Although the army has been called in, and has temporarily solved the petrol shortage, the dispute has still not been resolved, and yesterday the teachers were also threatening to strike. All this means that Mr. Haughey will not be going into the November 6 Donegal by-election looking overwhelmingly popular.

And this, one tends to think, cannot be entirely to Mr. Lynch's dissatisfaction. Mr. Lynch became Prime Minister in 1966, as a compromise between Mr. Haughey and Mr. George Colley. Mr. Lynch and Mr. Haughey, then as now, did not like one another and Mr. Lynch sacked Mr. Haughey in 1970 from his powerful position as Minister of Finance because of his involvement in a trial over a conspiracy to import arms.

When Mr. Lynch retired last December, Mr. Haughey again fought Mr. Colley, then, as now, Deputy Prime Minister. Mr. Haughey won by 44 votes to 38. The party was badly split. Only two cabinet ministers are thought to have voted for Mr. Haughey. It seemed as though the backbenchers had sought a a victory over the mandarins of Dublin because they were worried about their seats as Mr. Lynch's popularity waned.

The wounds have not healed. Mr. Colley and his allies, like Mr. Desmond O'Malley, the Minister for Industry, always look as if they are giving less than 100 per cent support, while people like Mr. James Gibbons, the former Agriculture Minister, sacked by Mr. Haughey, are always sniping at Mr. Haughey over the arms trial in their speeches. The chief prosecution witness at the arms trial was Mr. Gibbons, then Minister of Defence.

The Donegal by-election, and another one probably early next year, when a new commissioner is despatched to Europe, are vital for Mr. Haughey to demonstrate his hold on the party. The next general election is due by July 1982 at the latest. Even if the party does disastrously in the two by-elections, it is unlikely to be able to get rid of Mr. Haughey before the general election. But one thing is certain. If he does not win, his chances of holding on to the leadership in opposition are very slight indeed, and his political career will almost certainly be at an end.

How the Dutch won a higher price for gas

BY CHARLES BATCHELOR IN AMSTERDAM

THE NETHERLANDS has achieved a remarkable success in persuading foreign customers to break open existing contracts and to pay at least another Fl 2bn (£425m) a year for their natural gas. Ine gas company, the Italian SNAM, could have refused renegotiations until its contract expired in the mid-1990s.

The senior Dutch negotiator, the former diplomat Mr. Dirk Spierenburg, not only achieved a 15 per cent rise in the basic price of exported gas, but the entire system of indexing gas to heating oil has been changed in the Dutch favour. The Netherlands is Europe's largest gas exporter, selling 49bn cubic metres abroad last year — 20bn in West Germany, 11bn to France, 10bn to Belgium and 8bn to Italy and Switzerland.

The three main gains are: a rise of 3.4 Dutch cents in the basic price of gas to 27.5 cents (5.8p) a cubic metre, bringing it into line with low-sulphur heating oil; a closer indexation to oil so that gas matches 95 per cent of any increase in the oil price, instead of 80 per cent; and a halving of the delay in adjusting the gas price to five months. These changes take full effect from next October after a period of adjustment. Agreement has still to be reached with two West German utilities but this is expected soon.

The decisive factor was the Government's decision to take part directly in the renegotiations, despite the fact that the 14 foreign contracts were between private gas producers and their customers. Ten of the contracts had been signed by Gasunie, the national gas distribution company, and four by other private companies. Gasunie is 55 per cent in state hands but has always operated independently.

Mr. Gijs Van Aardenne, the Economics Minister, began the renegotiations a year ago with a series of visits to his opposite numbers in Italy, France, West Germany and Belgium. When this failed to produce agreement, Mr. Spierenburg, a former Dutch representative at the European Community and at the North Atlantic Treaty Organisation, was appointed chief negotiator.

Rising prices on the international gas market also helped the Dutch negotiating team. "We were talking at a time when the gas price was going up," said Mr. Spierenburg. But the Dutch were unable to achieve all they wanted. They could not persuade customers that their gas was worth a premium over the heating oil price, despite its environmental advantages and the security of supply the Netherlands can offer.

"Nor did we aim for price parity with crude oil. No gas-exporting country has yet been able to achieve crude oil parity," commented Mr. Spierenburg. The Dutch want anyway, to link gas to a comparable fuel—low-sulphur heating oil—and not to products further back down the hydrocarbon chain like crude oil or coal. They also do not want to identify themselves too closely with the oil producers of the Organisation of Petroleum Exporting Countries.

In seeking to raise the price of the gas, the Dutch had to accept the limitations imposed on the freedom of action of their customers, who in turn had contracts with their large industrial concerns, utilities and domestic consumers. Distrigaz, the Belgian gas company, expects difficulties in passing the new prices on to its customers. They may opt for the cheaper relatively high-sulphur oil allowed by Belgian legislation, said Mr. Spierenburg.

Ultimately the Dutch could have threatened to cut off gas deliveries to their foreign customers if they did not pay the fair market price. While the negotiations were tough, the Dutch were never forced to voice this threat. Turning off the tap would have had disadvantages for Gasunie as well as for its customers. Complex gas delivery systems could not simply be shut down without damage.

Rather than threats, the Dutch succeeded by persuasion. The Dutch gas price has clearly moved out of line with the price of oil and was diverging further with every price increase by the oil cartel.

The Dutch had to make concessions, although they were fairly limited, said Mr. Spierenburg. As far as is technically possible the Dutch will meet their customers' wish for a slow-down in the rate of delivery. The contracted volumes will remain the same but deliveries will continue further into the 1990s than originally planned.

The Netherlands has also promised to help the Italians to join a consortium negotiating the purchase of Norwegian gas. An extra concession to the Italians was needed to make up for the particularly sharp increase in the price of the gas they receive, and for the fact that they have agreed, like the other customers, to further renegotiations in 1984.

Mr. Spierenburg: success by persuasion

FINANCIAL TIMES
SPAIN AND THE COMMON MARKET
CONFERENCE

Membership 'will be no extra burden'

By Robert Graham in Madrid

THE MEASURES Spain must adopt to join the European Economic Community differ little from those needed to resolve the country's current economic crisis, Sr. Leopoldo Calvo Sotelo, Spain's Deputy Prime Minister, and Economic "overlord," said yesterday.

Membership would not be an additional burden, but rather a discipline and guideline for Spanish government policy, he added.

Sr. Calvo Sotelo was addressing the second and final day of a conference organised in Madrid by the Financial Times in conjunction with the State holding company INI and the Instituto de Empresa.

The recent declaration of Government policy in Parliament was closely linked to Spain's EEC membership, Sr. Calvo Sotelo went on. For instance, proposals for laws to establish the introduction of VAT, the liberalisation of the financial system, and industrial reconversion, had EEC membership in mind.

Adversely affected

He sympathised with those sectors of industry that could be adversely affected by EEC entry, but argued that if negotiations went well, there was no reason why they should suffer more than they were doing now.

The Spanish Government's commitment to press ahead with negotiations despite difficulties was emphasised by Sr. Ignacio Bayon, Industry Minister, and Sr. Jaime Lamo de Espinosa, Agriculture Minister.

The previous day, Sr. Felipe Gonzalez, leader of the Socialist Party, reiterated his party's full support for the European idea. Yesterday, Sr. Guido Brunner, the Community's Energy Commissioner, said it was Spain's natural place to be inside the Community.

Dr. Helmut von Verschuer, Director General of Agriculture at the Commission, detailed the many problems faced by the Community in absorbing Spanish agriculture and reforming the Common Agricultural Policy.

Sr. Lamo de Espinosa said the agricultural dossier was bound to be given special attention. He recognised the challenge posed to the Community in absorbing Mediterranean surpluses, but felt that if the will was there a means could be found.

On the industrial side, Sr. Bayon said his Ministry was embarked on policies that would aid Spain's EEC membership. The main policy lines were to reduce excessive dependence on imported energy, and raise the degree of local technology and gear up industry to be more productive and competitive.

The new Government was speeding up the legislative aspects of the national energy plan and was seeking to provide more incentives for energy saving, he added.

New sectors

Sr. Jose Miguel de La Rica, President of INI, said that the state holding company was devoting Ptas 40bn (£270m) over the next five years to new industrial sectors—in particular data processing, electronics, and alternate sources of energy. INI had a key role to play as a catalyst for industrial reconversion, and directing Spanish industry into new sectors.

Mr. John Stopford, Dean of the London Business School, said Spanish industry would be joining the EEC at a time when probably all sectors of the latter's industrial production would still have surplus capacity. Therefore, the idea that the EEC would present a much larger market was unreal in the short and medium term. Multinationals would have an important role to play in Spanish industry.

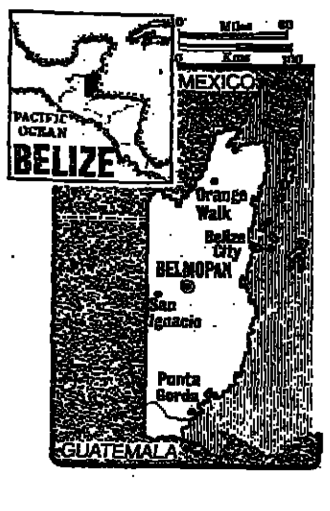
Mr. Theodor Faber, head of GM Espana, said GM was convinced Spain was ideally suited for a $2bn (£806m) investment in a 275,000 unit facility. The investment was being planned in the belief that Spain would be able to lower its tariff barriers when the time came for accession to the EEC.

The conference, which was yesterday chaired by Sr. Claudio Boada, head of Ford España, also heard speeches from Sr. Alfonso Alvarez Miranda, head of Foratom, and Sr. Alfredo Molinas, President of Fomento del Trabajo Nacional.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates [illegible]5.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Belize poised for swift move to independence

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT



BELIZE, Britain's last mainland colony in the Western hemisphere, is likely to move swiftly to independence despite possible objections from neighbouring Guatemala which claims sovereignty over it.

Mr. Nicholas Ridley, Minister of State at the Foreign and Commonwealth Office, is leading a delegation, which includes Mr. George Price, the Belizean Premier, to talks with Guatemala in New York next Monday.

If, as seems likely, these discussions end in deadlock with Guatemala's Right-wing military government still pursuing its territorial claim, Britain may well regard negotiations with the Guatemalans as closed and agree to the independence that Mr. Price has been calling for.

Britain could, too, reverse its opposition to the maintenance of British troops in the territory after independence. Hitherto, the Belizeans have sought a defence agreement with Britain or other interested parties to minimise the threat of a Guatemalan invasion of their lightly-populated country after independence.

Britain has so far refused such a commitment, but may be ready to protect Belize for a limited period after colonial rule ends. Belize has a population of 140,000, Guatemala, 7m.

In the UN General Assembly preparations are being made for the annual vote on the Belize question, with Trinidad and Tobago and Barbados calling for Belize to be granted independence within a year.

When a vote is taken it is likely to be overwhelmingly in favour of the Belize position. If Guatemala proves too obdurate in its talks with Britain and Belize, the U.S., which has up to now abstained on the issue in the UN, is expected to cast its vote against Guatemala for the first time.

Washington is nervous of any extension of Cuban or Nicaraguan influence to Belize, though officials admit that Mr. Price's cautious Left-of-centre policy makes it unlikely that either country would be allowed to gain a foothold there.

Brazil takes up crude oil offer from Soviet Union

BY OUR LATIN AMERICA CORRESPONDENT

BRAZIL is to purchase 20,000 barrels a day of crude oil from the Soviet Union until the end of the year, despite some opposition from Right-wing elements in General Joao Figueiredo's Government.

The Brazilian state oil concern Petrobras confirmed reports from Brasilia last week about the deal, but would not confirm Foreign Ministry reports that the price to be paid would be $33.75 (£14.08) a barrel. The Soviet oil will meet about 2½ per cent of Brazil's daily imports.

Petrobras added that the country would be buying an additional 8,000 barrels a day from Angola, bringing the daily total to 15,000 barrels. An 18,000 barrels a day deal with China will continue.

The Soviet offer is significant because Moscow last week rejected an appeal from Mr. N. Sanjiva Reddy, the Indian President, for more Soviet oil.

Gunman held after attack on Manley

By Canute James in Kingston

MR. MICHAEL MANLEY, the Jamaican Prime Minister, was shot at on Tuesday as he led party officials on a tour of a Kingston constituency.

Security officers accompanying Mr. Manley returned the fire, wounding a member of the gang. A revolver was seized from one man who is now in hospital under police guard.

It was the second time this year that the Prime Minister has been fired on. The first was in July when he was touring his East Central Kingston constituency.

Police say Mr. Dudley Thompson, National Security Minister, was also shot at earlier this week. Mr. Thompson, who was on sick leave for two months, resumed his duties this week.

The shooting happened on his first appearance in his constituency since it was announced earlier this week that the date of the election would be October 30. No one was injured in the attacks.

The attacks have heightened fears that party political violence will intensify as the General Election draws near. Of the 470 violent deaths in Jamaica since January, 359 were in shootings, with most the result of violence between supporters of Mr. Manley's People's National Party, and of the opposition Jamaica Party (JLP) led by Mr. Edward Seaga.

Police and the army were brought under a joint command two months ago to try to deal with the violence, after 125 murders in July.

The joint police-military patrols have been given special powers of search and detention, and have been operating primarily in the traditionally volatile sections of western, south-western and central Kingston.

Four years ago, Mr. Manley's Government imposed a state of national emergency shortly before the election to allow the police and army to deal with political violence. Hundreds of people were detained under the emergency regulations, including several prominent members of the opposition.

The Government has said, however, that it has no intention of re-imposing the state of emergency.

David Buchan in Akron, Ohio, reports on a close presidential race

Why Ohio is the president-maker and the political watershed

"THE DIE is not cast in Ohio," claimed the burly vice-president of the United Rubber Workers, Mr. Milan (Mike) Stone. His industrial metaphor highlights the fact that the presidential race is so close here that local radio stations are offering prizes to listeners guessing the winner and the November 4 victory margin.

But the polls show, and experts agree, Republican and Democrat alike, tharMt .oRan Democrat alike, that Mr. Ronald Reagan would win as of today in this key Mid-West state. That, in turn, is why Mr. Reagan is leading in the national tallies of electoral college votes. Ohio feels it gave President Jimmy Carter his final push into the White House—he won its 25 electoral votes by a mere 11,000 margin in 1976—and knows it could unseat him. The state is no less vital for Mr. Reagan: no Republican has ever been elected president without carrying Ohio.

Watershed

Ohio is the political watershed where the frequently Democratic Pennsylvania to the east shades into Republican Indiana to the West. The state has a kalaedoscopic mixture of big industrial cities with large black populations (Cleveland), rock-ribbed Republicanism (Cincinnati), single-industry disaster areas (steel in Youngstown), an ethnic hotch-potch, and small towns and scattered farms. "If you're doing well enough here to win, you can carry the country," says Mr. Bob Hughes, a prominent Republican county chairman.

The Reagan forces have cause to be cocky, and point to one statistic: unemployment still over 9 per cent, markedly above the 7.5 per cent national average. It is higher in those large areas of Ohio which assemble cars or make steel for their bodies and rubber for their wheels. The Republican candidate is exploiting their autumn of discontent, prising many rank-and-file workers from their pro-Carter union leaders and soothing hecklers with the smoothness of a Harold Wilson on a good day: "Glad you came. I hate to preach only to the choir," Mr. Reagan told objectors in steel-and-coal Steubenville this week.

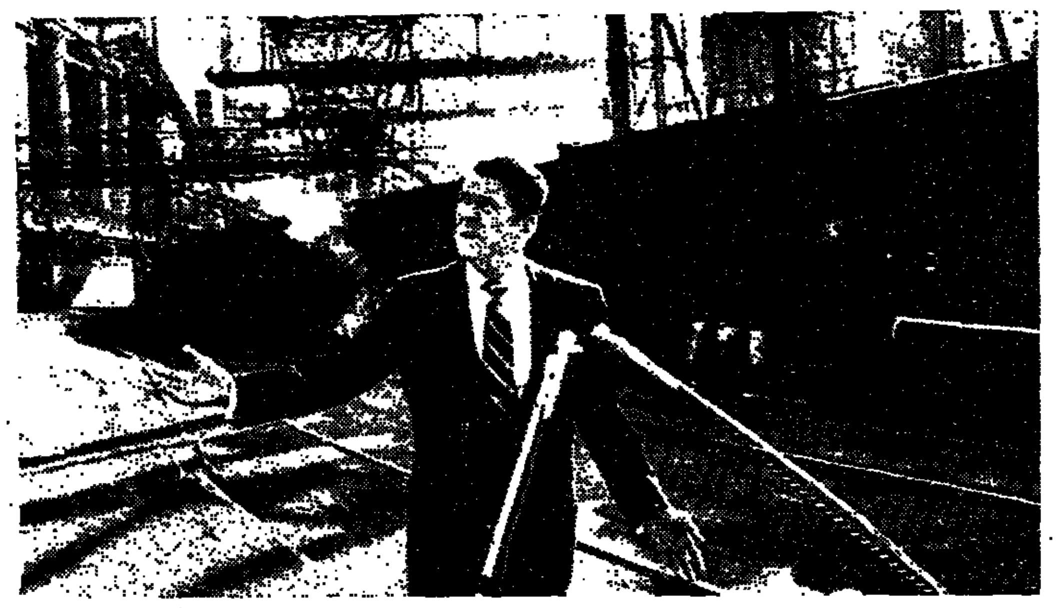
Nominally, Mr. Reagan's union support comes only from the Cleveland Teamsters' leaders. The other union leaders are all pro-Carter—"quite enthusiastically," Mr. Stone explains here in Akron, Rubber City, U.S.A. But his union's experience exemplifies some of Mr. Carter's problems. The rubber workers had a blazing quarrel last year with the White House, which had persuaded Uniroyal, a big tyre company, to renege on a large wage deal with the union. The Administration said the pay deal broke its wage guidelines, and threatened to deny Uniroyal federal contracts. Partly because the union went to court, the Administration eventually backed down.

Supported

Like the car workers' union, the rubber workers vainly supported Senator Edward Kennedy in the Ohio primary this year and, like the car workers, are now putting their best anti-election. But the number of Reagan face on this general election. But the number of due-paying rubber workers in jobs has plummetted from 178,000 six months ago to 130,000, and Mr. Stones bemoans government inaction against imports. "Every Japanese car comes in with five Japanese tyres," and he notes that, with the advent of the radial tyre and lower speed limits, the replacement market will never be what it was. You can rarely catch the pungent whiff of rubber-making in Akron these days.

Grandstand

But the 1980 campaign here has been dull, everyone says. Few bumper stickers, fewer grandstand rallies—both the Carter and Reagan operatives here complain their men have stuck to backyard conclaves and airport press conferences. Mr. John Anderson, the independent runner, has not raised the temperature much. His support, probably below double figures, may be more than just students and some middle-aged housewives. Some of his supporters are enthusiastic, like Mr. Jay Heck in Cleveland, who is tickled pink to be the Anderson co-ordinator for all northern Ohio, when he was an unemployed student a year ago. But a check of the Kent State University campus (scene of the 1970 shooting of students by the National Guard), indicates less enthusiasm for Mr. Anderson than for Senator George McGovern in 1972.



Ronald Reagan . . . distressed at abandoned steel plant in Youngstown

Turnout

A low turnout will suit the Republicans, who are sure they can count on the southern, more rural part of the state. Mr. Carter performed strongly here against President Ford, but his appeal has been blunted by Mr. Reagan's conservative stand on social issues. To win Ohio, the President has to retaliate with big majorities in the north—for instance, a 100,000-vote margin from Cuyahoga County, where Cleveland is. That would be more than Mr. Carter got there in 1976.

That means sticking back together even more strongly the old Democratic coalition—the poor, blacks, Jews and ethnic voters. "Where is the glue," asks Mr. Tim Hagan, the Cuyahoga Democratic Party chairman. No one is ruling Mr. Carter out of Ohio yet: the latent power of the incumbent President is still there. But Mr. Hagan is depressed, in particular by the past disparagement by Mr. Carter himself of professional party politicians, and in general by the declining influence of party figures in the U.S. "It's like being a feudal lord at the start of the industrial revolution," he says.

The war of words about peace, Page 25

Cleveland plans to be out of default soon

BY DAVID LASCELLES IN NEW YORK

CLEVELAND, the large Ohio City which nearly went bankrupt two years ago, has approved a plan which should pull it out of default by mid-November.

Earlier this week, the City Council passed a $36m re-financing package under which the local banks—who are the main creditors—agree to restructure about $10m of debts and lend another $26m. In return, the city agreed to tighter control of its finances, and pledged a portion of its income and property tax revenues as backing.

Although the package was agreed this week, Cleveland requires a 40-day waiting period on decisions of this kind to give citizens a chance to object. If no obstacles are raised, Cleveland will be out of default on November 18.

The city's crisis arose when Mr. Dennis Kucinich, a young and brash mayor, lost control of the city's finances in 1978 and antagonised the banks. He was thrown out the following year, and since then a Conservative administration has been struggling to bring the finances back in line. The basis of the package was agreed in mid-summer, but it involved horse-trading between the banks and the city council before it could be approved.

OVERSEAS NEWS

Moscow's Syrian treaty follows a decade of patient wooing

BY ANTHONY ROBINSON, EAST EUROPEAN CORRESPONDENT

THE RED CARPET welcome given by Moscow to President Hafez al-Assad of Syria on Wednesday and the immediate signature of a Soviet-Syrian friendship and co-operation treaty marks the culmination of more than a decade of patient wooing by the Soviet Union of a pivotal power in the Middle East.

In the wider perspective it signals a significant step forward in the Soviet Union's long-term strategic aim of achieving international recognition of what it sees as its legitimate security interests in a troubled region adjacent to its southern border.

The Soviet Union thought that it had already achieved this status in 1973 when, in the aftermath of the Yom Kippur war, it became co-chairman with the United States of the Geneva conference. That was set up with the aim of securing peace through direct negotiations between Israel and the Arab countries undet joint great power auspices.

At late as September, 1977, President Carter confirmed U.S. acceptance of the idea that the Soviet Union had a role to play in a peaceful solution in the area. Shortly afterwards, however, President Anwar Sadat of Egypt undertook his historic journey to Jerusalem and the Soviet Union was unceremoniously dumped by Egypt and the U.S. in the search for a separate peace. The Soviet Union reacted angrily and became an implacable enemy of the Camp David agreements and the Israel-Egypt peace treaty.

As such it found itself in the company of the rejectionist front Arab states, and those like Saudi Arabia, Jordan and the Gulf states which were traditionally pro-Western and deeply suspicious of long-term Soviet ambitions in the area.

Increasingly Soviet propaganda trumpeted abroad its claim to be the true friend of the Arab, including the Palestinian cause. It contrasted the Soviet Union's own selfless dedication to the Arab cause with what it described as U.S. efforts to split the Arab world and regain the military and economic domination which had been eroded over the years and dealt a crushing blow by the overthrow of the Shah.

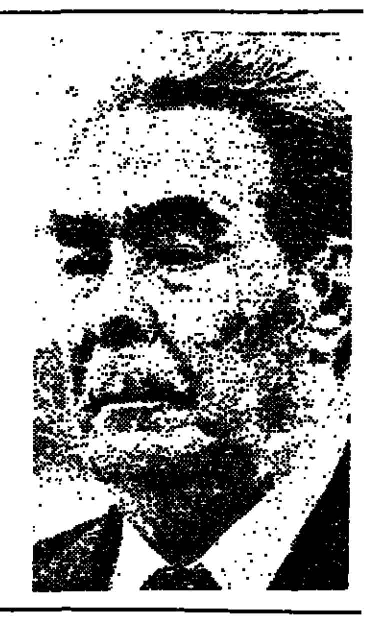
Actual Soviet performance in the Middle East over the last 25 years has, however, been chequered. Soviet policy-makers have frequently appeared to confuse Arab nationalism, which is deep and strong, with Arab socialism whose roots are much shallower. The atheistic Communist creed jars with the religious beliefs of most Arabs even though the Soviet Union has often shown its willingness to turn a blind eye to the persecution of Arab Communists in the furtherance of its great power interests.

The Soviet Union's greatest setback in the area was the expulsion of Soviet troops from Egypt in July 1972 followed by the unilateral abrogation by Egypt of the Soviet-Egyptian friendship treaty in March 1976.

The Soviet leadership, headed by Mr. Leonid Brezhnev (right), regards peace and friendship treaties as milestones in the world revolutionary process—milestones which mark the growing influence of the Soviet Union in the world. The Syrian treaty is the eleventh such pact signed with a country outside the traditional Soviet sphere of influence in Eastern Europe. The first, with Egypt in May 1971, was abrogated five years later. That was followed in August 1971 by a treaty with India and in April 1972 with Iraq. Somalia came next in July 1974, but that treaty was abrogated unilaterally by Somalia in November 1977, in disgust at the Soviet switch to Somalia's enemy Ethiopia.

Moscow signed a friendship treaty with the Ethiopians a year later. Two other African countries came next: Angola in October 1976 and Mozambique in March 1977. A treaty with Vietnam followed in November 1978

Three weeks after the 1978 treaty with Ethiopia the Soviet Union concluded a friendship and co-operation treaty with Afghanistan which was used subsequently to justify the invasion of that country just over a year later. A treaty with South Yemen was signed in October 1979. Such treaties, by which the Kremlin sets great store, seek to formalise within a framework of international law its close political, economic and military ties with selected countries.



The treaty was signed with great fanfare in May 1971 and was the first such treaty to be signed with an Arab state, and indeed the first treaty with a non-Warsaw Pact state.

Prior to the outbreak of the current fighting Iraq, which is the Soviet Union's other main treaty party in the area, also showed a growing coolness as it stepped up its purchases of Western plant and equipment and sought a new role for itself as both a leader of the Arab world and a major force in the non-aligned movement.

Suspicion that ultimately the Soviet Union was interested in the area for its own geo-political reasons was strengthened with the invasion of Afghanistan which prompted widespread Arab criticism. It was this development which prompted the Americans to prepare plans for a quick reaction force in the Gulf. This has since become a target of special attack by Soviet propaganda.

By signing the peace and co-operation treaty with Syria, at a time when Iran and Iraq are at war with each other the Soviet Union has both underlined its legal presence in the area and forged an alliance with the rejectionist front state most directly involved in the conflict with Israel.

By so doing it has focused attention again on the Arab-Israeli dimension of the Middle East conflict at a time when the Iran-Iraq conflict has underlined that the centre of Middle East politics has shifted to the Gulf.

It thus finds itself in the situation where it has a friendship treaty with one of the belligerent states in the current conflict and now, a new treaty, with Syria whose own relations with Iraq are very bad. What is more it also has to maintain a delicate balancing act between Iraq, its treaty partner, and Iran with whom it is also trying to achieve a closer relationship.

Clearly the Soviet Union is playing a very complex game, one furthermore which contributes to what could develop into a great power confrontation

Until now both the U.S. and the Soviet Union have declared their neutrality in the conflict. But both the super powers are playing for high stakes in this crucial region and the scope for miscalculation and error appears dangerously wide.

Damascus arms itself for the main struggle against Israel

BY ROGER MATTHEWS

● Mr. Assad: potent enemy on the doorstep

SYRIA SEEMS to have turned to the Soviet Union as an act of defensive despair. Since President Anwar Sadat of Egypt went to Jerusalem in November 1977, the Syrian regime has been searching for both a defensive alliance to protect itself against what it sees as the Israeli threat and a credible pact which would lend some weight to its aspirations of regaining its occupied land and winning justice for Palestinian demands.

But nothing has emerged to fill even partially the vacuum left by the Egyptians. President Hafez al-Assad remains hopelessly bogged down in his Lebanon peace-keeping role, efforts to secure a rapprochement with Iraq have collapsed, the Turkish army coup has been bitterly opposed in Damascus, and the Arab nations are as divided and leaderless as they have ever been.

At the same time, President Assad has faced the most serious domestic challenge of his 10-year rule. Although blame for the wave of killings, bombings, riots and sectarian strife has been placed on the fundamentalist Moslem Brotherhood, this cannot disguise a more general disillusion with the Government, its economic performance, its reputed corruption and its relatively narrow power base.

The combination of external isolation and domestic threat has been exacerbated by what Syria sees as a militantly divisive U.S. policy towards the Arab world. Syria saw the Camp David agreements between Egypt and Israel not as the basis for a wider Middle East peace but as a U.S. ploy to separate Cairo from its Arab brothers and thereby strengthen the aggressive intentions of the Jewish state.

The Soviet invasion of Afghanistan, like the war between Iran and Iraq is, according to the Syrians, diverting attention from what should be the main struggle—against Israel. The Americans, with their growing military involvement in the region stretching from Somalia and Egypt via Israel and now into the Gulf, have to be challenged if that principal struggle is to be maintained. And, from the Syrian point of view, the only country which can meet the threat is the Soviet Union.

Undoubtedly, the decision was reached with some reluctance in Damascus. Syria needs Russian friendship in order to equip its armed forces, but has always resisted a more formal link. It values Western contacts, it appreciates Western technology and, were it not for Israel, it would like to remain out of the grip of either superpower.

By linking Syria more tightly to the Soviet Union, President Assad also risks the disapproval of the more conservative Arab states, his main providers of economic aid. As a result of the 1978 Arab summit agreement, Syria is scheduled to receive \$1.8bn a year, the lion's share of which is provided by the Gulf oil-producing states.

Neither is the Soviet move likely to be received with unanimous approval at home. Mr. Assad may be able to parade more T-72 tanks and MiG-25 aircraft, but his Soviet military advisers will have to remain close to camp to avoid further assassinations at the hands of Moslem extremists.

Iraqis 'poised for major offensive'

By Our Foreign Staff

IRAQ is expected to launch a major offensive in the next few days in order to prevent almost total stalemate in its 18-day war with Iran, Western analysts said yesterday.

Rocket attacks on the strategic town of Dezful, aerial bombardments and continued heavy shelling in the Khorramshahr area yesterday are seen as evidence of the coming Iraqi thrust.

The Iranians claimed that at least 60 civilians had been killed and more than 300 injured when four rockets hit Dezful. In apparent retaliation, Iranian jet fighters struck at Baghdad and the oil cities of Kirkuk and Mosul.

Although the Iraqis enjoy a numerical superiority of three or four to one in the southern part of the 300-mile front, President Saddam Hussein will have to risk a politically dangerous increase in casualties if he intends to complete the capture of Khorramshahr and then move on to the oil-refining city of Abadan.

The Iraqis have so far only occupied the port of Khorramshahr and have to cross the River Karun if they are to take the main city.

Even if they get across the waterway, where the bridges are defended by Iranian Chieftain tanks, they face bitter hand-to-hand fighting with fanatical Revolutionary Guards who, according to Western assessments, are willingly selling their lives for every house and street.

To move south to Abadan, the Iraqis have to cross difficult and marshy terrain, which offers no opportunity for tanks to be used effectively. Western analysts believe they would be forced to fight for every inch of ground against an Iranian army which has partially re-organised itself in the past 10 days.

The main problem for the Iranians is seen in not being able to bring up sufficient ammunition for its artillery and troops.

There is no evidence so far that Iraq has committed its advanced T-72 Soviet tanks to the battle. Equally, the Iranians have yet to use their advanced American F-14 fighter, which, though flying, are believed not to have been used in operational sorties.

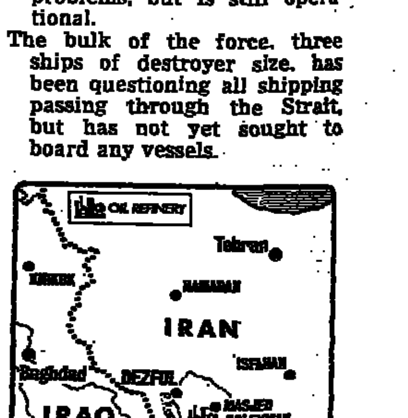
The Iranians may well be saving the F-14s for possible operations against the Iraqi TU-22 "Blinder" jet bombers and their bases. Western observers believe that the "Blinders" will play an important role in any Iraqi offensive.

It is also stressed that neither side has yet committed much of its airforces with three aircraft being the average number for any major attack.

Despite the cutting of the oil pipeline from Abadan to Tehran, it is not believed that Iran has a critical supply problem yet. It has significant stocks of jet fuel, and the refineries at Masjid-i-Sulaiman and Shiraz are still producing.

In the vital Strait of Hormuz at the mouth of the Gulf, the Iranian naval task force is reported to be suffering mechanical and electrical problems, but is still operational.

The bulk of the force, three ships of destroyer size, has been questioning all shipping passing through the Strait, but has not yet sought to board any vessels.



South African Minister acts over port disputes

BY QUENTIN PEEL IN JOHANNESBURG

THE SOUTH AFRICAN Minister of Manpower, Mr. Fanie Botha, has intervened in the affairs of the port of East London, following a spate of labour disputes involving unregistered black trade unions.

The Minister flew to East London on Wednesday for a meeting with employers and officials of his department, after employers had expressed concern at the upsurge in union activity.

Although the Minister refused to comment on the contents of the meeting, Mr. Botha yesterday sharply criticised the growth of unregistered black unions outside the Government-approved system of industrial consultation.

His intervention underlines growing official concern at the upsurge in black labour militancy, which has resulted in strikes in all major industrial areas in recent months.

A report by officials in East London says that two unregistered black unions, the South African Allied Workers' Union, and the African Food and Canning Workers' Union, have organisers in almost every major industry in the port. Their activities have caused several protest strikes when employers dismissed union organisers.

In recent speeches, Mr. Botha has criticised companies for trying to set up in-house trade unions. But has also attacked independent black unions for seeking to remain outside the officially sanctioned system. He has warned companies that they must talk to representative organisations.

Union organisers have also encountered opposition from the police and several are awaiting trial on charges of riotous assembly.

● British companies have sold investments in South Africa totalling R450m (£250m) in the past three-and-a-half years, because of political pressures, Mr. Tony Briggs, chairman of the South Africa-British Trade Association, said yesterday.

Reserve Bank withholds gold from world market

BY OUR JOHANNESBURG CORRESPONDENT

SOUTH AFRICA'S gold reserves rose by a further 200,000 ozs in September, indicating that the South African Reserve Bank has once again been witholding gold from the world market, according to the bank's monthly statistics.

So far this year, the gold component of South African reserves has risen by almost 2m fine ozs, from 10.03m ozs to 12.027m ozs, although the official valuation of the gold has varied with the market price.

Not all the increase is attributable to production witheld from the market. About 700,000 ozs came from buying back gold used in gold swaps with foreign banks to raise foreign exchange in 1976 and 1977.

The monthly figures for South Africa's reserves suggest that the flexible gold sales policy announced by Mr. Owen Horwood, the Minister of Finance, at the beginning of the year, has in fact amounted to a consistent policy of withholding supplies.

Market analysts say that one reason is probably because the gold market has been relatively thin and releasing some of the withheld gold could depress the price. Another factor is that the Reserve Bank can afford to be building up its real reserves as long as South Africa enjoys a large surplus on the balance of payments current account.

The Reserve Bank finances its stockpile from its gold adjustment account, into which it pays profits made on the gold swaps, and profits made on gold sales when the price rises between buying gold from the mines and reselling on the world market. The bank has consistently made more profits than losses from the latter because of the net rise in the gold price.

Fraser battles his aloof image

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA'S Liberal Party is to switch its campaigning to marginal metropolitan seats on the outskirts of Sydney and Melbourne in the last week of the campaign leading to the federal election on October 18.

Mr. Malcolm Fraser, the Prime Minister, has cancelled a visit to northern Queensland this weekend in favour of spending more time in the two cities.

Campaign tactics will concentrate on appearances by the Prime Minister at more public rallies and street walks in an apparent attempt to counter an image suggested by opinion polls that he is "aloof" from the problems of average Australians.

Mr. Fraser went on a street walk in the centre of Melbourne yesterday and was greeted by scores of opponents trying to drown out Government supporters. The walk followed a rally in Adelaide on Wednesday when Mr. Fraser's speech was nearly drowned by rowdy demonstrators protesting about unemployment and rising living costs.

Mr. Neville Wran, federal president of the Australian Labor Party and Premier of New South Wales, the most populous state has appealed to Labor supporters not to heckle the Prime Minister.

Mr. Wran asked Labor supporters to stay away from Mr. Fraser's rallies in case demonstrations worked to Mr. Fraser's advantage by frightening the Australian public.

The Labor Party is campaigning buoyantly following favourable opinion polls and a pick up in the Stock Exchange yesterday after a dive earlier in the week.

Although Liberal Party officials are puzzled by the Government's poor showing in opinion polls they are not really despondent. In the light of the Stock Exchange selling spree one official remarked to Press representatives: "We're on our way back."

However, unemployment figures released yesterday by the Australian Bureau of Statistics will not give the Government much comfort.

In September the number of unemployed was 334,200 or 6 per cent of the workforce. The figure had not changed from the previous month and is slightly higher than a year ago.

China compensation deal with foreigners runs into trouble

BY COLINA MACDOUGALL

N A DEVELOPMENT confirming the worst fears of prospective foreign partners, China's first compensation trade venture with Hong Kong and Macao businessmen has suspended production.

According to the Peking People's Daily, the foreign partners, Hong Kong Novel Enterprises and Macao Textiles, have informed the Chinese that they have cut off supplies of raw materials because the mill, set up by China and its foreign partners, could not meet quantity or quality requirements for carpet production. Poor management, inadequate skills, complacency and laziness on the Chinese side are to blame, the People's Daily emphasised.

Construction of the Xiangzho Woollen Spinning Mills was started in Guangdong Province, in 1978, with mainly foreign equipment. All raw materials were to be supplied by the foreign partners, who were to pay processing fees to the mill. The capital, plus interest, was to be repaid in five years from the profit from sales. Annual capacity was to be 1.2m lbs of woollen yarn.

Since full production began, output and quality have caused serious problems. This year production has fallen steadily and 76,000 lbs of yarn were rejected by quality controllers at the mill. There was difficulty in maintaining deliveries. Conversion rate into yarn was poor and wastage high.

The fault lies with management, not equipment, said the People's Daily. In the wool mixing and matching operation, whole packs of raw material, which should have been added were forgotten. Machinery was badly damaged because of lack of maintenance and unskilled handling.

Unskilled workers who could not be sacked were supplied by bureaucratic Chinese labour departments. Some workers were idle and would not follow instructions, while a few committed serious breaches of discipline.

The Guangdong branch of the China National Textiles Import and Export Corporation is now trying to reorganise the mill. To alleviate problems, the People's Daily insists that the management must have the right to hire and fire its own workers and handle its own wage and bonus payments to provide incentives.

China is proposing to introduce this "self-management" system generally in industry, to replace the present central planning and bureaucratic direction, but it is so far only at the initial stages.

Peking to limit capital imports

By Philip Bowring in Hong Kong

A SENIOR Chinese economic official has warned that foreign companies might face "disappointment" in their dealings with China as the country adjusted its equipment import requirements to "realistic" levels.

Mr. Xue Muqiao, adviser to the State Planning Commission in Peking, told a Hong Kong seminar on China's economic policy that, for the next three to five years, capital imports would be concentrated in areas promising rapid returns and with an emphasis on foreign exchange earning potential.

There would be fewer opportunities for sales of capital intensive heavy industry plant and equipment with long lead times. The reason, said Mr. Xue, was that China was still very deficient in energy, transport capability and industrial management.

He admitted that the huge Baoshan iron and steel plant being built at Shanghai with foreign assistance would not operate at full capacity due to energy and to supply problems.

Asked whether the 33 per cent effective tax rate on foreign investment in joint ventures in China might deter investors, Mr. Xue said the rate might be too high

Rhys David reports on hopes for a northern trade alignment

Reviving the Viking connection

BUSINESSMEN from throughout the north meet in Manchester today to hear about a new trading alignment which is intended, in a small way, to redress the pull of the "golden triangle"—the rich area of industrialisation and wealth bounded by London, Paris and Cologne.

The counter for northern Britain, against the pull of the south, could, according to a new organisation, the Nordic Business Forum, be provided by the development of increased trade and investment links between the 22m Britons who live above a line from the Mersey River to the Wash, and the similar number of Swedes, Danes, Norwegians, Finns and Icelanders.

The forum, which has already attracted 200 members in the industry, the banks and local government in the north, aims to capitalise on traditional links across the North Sea going back at least 1,100 years to the time when the Vikings were trading actively with northern Britain.

Physically the two regions are close, and an extensive network of sea and air links exists between Britain's northern cities and the Scandinavian countries, Mr. Leif Norderhaug, Forum secretary, and managing director of a Norwegian consultancy in Newcastle, points out. The routes across the North Sea have for a long time carried British tourists to the nordic countries. In recent years Newcastle became a centre for Scandinavian shopping trips when the pound was at a more competitive rate.

As a trading block the five Nordic countries together, Dr. Richard Totterman, Finland's Ambassador to the UK told the Forum recently, are of the same order of importance as Germany or the U.S. and Britain is the first or second most important trade partner of each of the five.

Business interests in northern Britain have had a traditional concern over the concentration of UK trade activity through what is known as the London-Paris-Cologne triangle. They now hope to improve their own direct trading capability with Europe by using their even more historic links to tie them in an active relationship with Sweden, Norway, Denmark and Finland

At the same time the Forum's backers argue that the two areas could complement each other industrially. Only Denmark of the five belongs to the EEC, and there are advantages for industries in the other four in securing a manufacturing base inside the Common Market. This could apply particularly to Norway where new industrial enterprises are emerging under the impetus of oil wealth, which will eventually need to continue their development in a larger market.

The Scandinavian countries all have relatively high wage costs and, to varying degrees, impose heavy environmental and other charges on industry. Britain, as well as being a major market itself, can offer the Nordic countries a large skilled labour force, and the north in particular has a large pool of available workers as a result of unemployment.

The organisation, which is independent of Government support, was set up at the instigation of a number of individuals, mainly in Newcastle, engaged in trade across the North Sea, and has since attracted support from a number of Scandinavian groups based in the north. Altogether some 85 Nordic companies, including Volvo, already have operations in the area. Volvo's 564 employees in Irvine, Scotland, are expected to produce a total of about 1,700 trucks this year, of which around 200 will be exported. Helped by the Scottish operation Volvo now sells more trucks in Britain than in Sweden. Other Nordic businesses in the area include the Norwegian-owned Manchester Steel, and the Finnish group United Paper Mills, which last year bought a paper converting company in Preston.

The Forum has been seeking to spread its message mainly through conferences, though it is likely to develop other activities as membership increases. The first conference in Newcastle earlier this year dealt with opportunities for investment in northern Britain and Scandinavia, and this is being followed in Manchester by a forum on importing and exporting. Another conference will be held early next year in York on tourism and communications, and meetings will also be organised in Scandinavia. As well as promoting trade and investment the organisation hopes to act more informally as a method of contact between businessmen on both sides of the North Sea.

The ambassadors of all five Nordic countries in Britain have been made patrons of the body, which is chaired by Mr. George Brown, a former chairman of Scottish and Newcastle Breweries.

Hopes rise for Swiss industries

By John Wicks in Zurich

SWISS ORDER books will be substantially thicker at the end of 1980 than was the case a year ago, according to a survey carried out by Union Bank of Switzerland.

In the final quarter, overall turnover is seen as likely to be significantly more than above sales levels in the previous quarter and the corresponding autumn period of 1979. Most of the companies covered by the survey also anticipate better order levels than in the fourth quarter of last year.

Nevertheless, the bank says that business seems to be quietening down in the second half of this year. Prospects for foreign order business are "less favourable," it claims.

Most companies are, however, still optimistic with regard to domestic orders. In this connection, the report points to the positive influence the present business conditions have had on Swiss industrial investment.

In 1980, some 38 per cent of all companies increased their expenditure on equipment and 29 per cent investments in plant. For next year, corresponding figures are given as 32 per cent and 28 per cent.

Swiss appeal for export credit relief

By John Wicks in Zurich

SWISS WATCH and clothing industries have appealed to the country's national bank to extend special short-term export credit facilities for a further six months. These are due to expire at the end of this month after having been in force since May, 1975.

The bank, in granting the last six-month extension this May, made it clear that no further renewal of the agreement would be forthcoming under present economic conditions.

The system, which was initially aimed at aiding the crisis-stricken watch, textile, clothing and shoe sectors, and was subsequently made available to all industrial exporters, enabled banks to grant export credits of up to six months' maturity and at favourable interest rates. The corresponding bills were then rediscounted by the national bank at below the bank rate.

Protesting at the dropping of the facilities, the watch and clothing industries point to anticipated new difficulties on export markets and the fact that premiums for exchange-rate risk coverage as part of the Swiss export risk guarantee have become much dearer.

- Paper consumption on leading European markets should rise at an annual rate of more than 2 per cent during the coming years, according to Dr. Heinz Zumstein, chairman of the Swiss-based paper industry group Holzstoff AG.

Writing in the coming edition of Swiss Bank Corporation's monthly bulletin Der Monat, Dr. Zumstein says that growth of demand for printing, writing and household paper should be above this average. Consumption of packing paper and cardboard, however, is seen as stagnating or even showing a slight decline.

Sweden gets Singapore rig backing

By Georgie Lee in Singapore

GRINDLAYS BANK in Singapore has arranged a $50m syndicated loan for Consafe/Offshore of Sweden to finance the purchase of an accommodation rig to be built in Singapore.

The loan carries a preferential fixed rate of interest and is repayable over eight years from the date of delivery of the rig.

Funds for the loan will be provided by Grindlays Bank Singapore as well as the Nordic Bank, Barclays Bank International, the Development Bank of Singapore and Skandinaviska Enskilda Banken (Sea).

The loan is the first buyer credit loan to be guaranteed by Export Credit Insurance Corporation of Singapore (ECIS) under the fixed rate export finance scheme introduced in November last year to assist the financing of Singapore capital goods.

Repayment of the loan will be guaranteed by container safe J. C. Ericsson and Volvo Energi, both of which are shareholders of Consafe Offshore.

Console Offshore and Volvo Energi will equally own the rig which will be built by Far East Levingston Shipbuilding, a member of the Keppel Group of Singapore.

McCormick acquisition

By Our New York Staff

McCORMICK, the U.S. spice and foods company which earlier this year beat off a sustained takeover attempt by Sandoz of Switzerland, yesterday announced that it would take over another U.S. food products company, Stange, of Chicago. McCormick is to pay $5.3m or the equivalent in its non-voting shares to Stange, which makes food colourings and seasonings.

Nissan's Alfa deal sidesteps criticism

BY RICHARD C. HANSON IN TOKYO

NISSAN MOTOR'S agreement with Alfa Romeo to assemble 60,000 cars a year at a plant outside Naples has been signed against the background of fierce criticism of the Japanese for their penetration of the European market.

Italy, in fact, strictly limits the number of Japanese car imports and has not had to face the problem of an increasingly large Japanese market share.

The venture appears to be at least partly inspired by the example of Honda Motor and BL in the UK, which agreed last year to a non-equity partnership to prdouce a new model.

In the broader view, Nissan's move into Italy reflects the conclusion among Japanese car makers that they ultimately risk losing valuable markets in the advanced industrial world if they do not turn to local production.

Nissan has long been the largest Japanese producer of cars overseas. Earlier this year, it clinched a deal to acquire a miority share in Spain's largest truck and agricultural equipment maker, Iberica.

It is now in the final stages of plant selection for a $300m (£125.4m) small truck manufacturing plant in the U.S. This may eventually lead to passenger car production, but Nissan (along with Toyota) is extremely reluctant to make such a decision.

Elsewhere, Nissan will strengthen its operations in Mexico, supplying engines for trucks to be produced in the U.S. The company's Australian activities are also expected to be stepped up.

Perhaps, the next largest move overseas will come in Taiwan, where Nissan is a leading contender in the bid to join with the Government and local interests to build a plant with a 200,000 unit per year capacity.

This surge of foreign activity is meanwhile being matched by equally ambitious programmes to modernise plant and equipment at home, centred largely on plants to produce a new generation of front-wheel drive cars. That effort will boost capital spending from about Y150bn (£301m) this year to an average of about Y200bn a year from 1981-1985, according to industry analysts.

Silkin calls for British withdrawal from EEC

BRITAIN should withdraw from the EEC before attempting to negotiate any new relationship with it, Mr. John Silkin, Labour's Industry spokesman, said today.

Mr. Silkin, apparently challenging Mr. Peter Shore as the anti-Market candidate for the future leadership of the Labour Party, dismissed any idea of a phased withdrawal from the Community, as "a magnificent excuse for doing absolutely nothing."

Writing in the Left-wing weekly Tribune, he delivered a thinly-veiled attack on Mr. Shore's cautious attitude over the timing and manner of Britain's withdrawal at the Blackpool Conference last week.

Mr. Silkin recognised that there would be some difficulties in withdrawal. But he said that immediate benefits would result from being able to decide our own industrial destiny and ridding ourselves of the Common Agricultural Policy.

In addition, Britain would have great advantages in negotiations, because of the market the country offered o EEC members and because of North Sea oil.

Ferry traffic

Commercial roll-on/roll-off (ro-ro) freight traffic between Britain and the Continent has slumped in the second quarter of 1980 as a result of the growing recession in British industry. Against an 11 per cent increase in the first quarter's ro-ro traffic, its volume in the April-June quarter fell by 6 per cent. In recent years, commercial ro-ro traffic between Britain and the Continent has been growing by 15 per cent a year.

The latest statistics in British Business show the number of commercial vehicles travelling on ro-ro ferries in the second quarter was 152,000.

Fewer filmgoers

Cinema admissions fell by 12 per cent in 1979 compared to 1978 while takings were up by about 7 per cent, according to figures published yesterday in British Business, the Department of Trade journal.

Admissions during 1979 were estimated to be 112m and takings £127m. The average price of a cinema ticket went up from 93.7p in 1978 to 113.4p in 1979. Total employment in cinemas increased slightly from 17,330 to 17,417

Union critical

Mr. Syd Tierney, president of the Union of Shop, Distributive and Allied Workers (USDAW) yesterday criticised Lord Vestey, head of Dewhirst the butchers, for the way "his retail butchery chain has failed to let its workers' income keep up with inflation although the Vestey company has continued to ship off much of its profits overseas to avoid tax."

Engineers' row

A row between members of the Institution of Electrical Engineers over the Institution's support of the Government's scaled-down response to the Finniston Report on the engineering industry has led to the requisitioning of a special general meeting of *members.*

Mr. Arthur Palmer, a Labour MP, has made a written request for the special meeting at which he, and nine other Institution members, would table several motions, including one that would repudiate the IEE's support of the Government's response.

CEGB denies leak at Berkeley nuclear plant

BY DAVID FISHLOCK, SCIENCE EDITOR

THE Central Electricity Generating Board has denied reports of a leak at its Berkeley nuclear power station in Gloucestershire.

But it admitted that a routine inspection is disclosing weld defects in one of Berkeley's two 130 MW Magnox Reactors, and was still unsure whether they were of any significance.

A senior CEGB engineer said yesterday "We are always finding defects in all of our stations and having to decide what to do about them."

It hopes to have the reactor —shut down in February for its regular bi-annual inspection—back in operation before the end of the year.

But the CEGB said yesterday that if the flaws currently being studied by its stress analysts are considered to be more serious than is currently believed, it could mean shutting down the second reactor as an extra precaution.

In January the CEGB shut down the second reactor at its Dungeness nuclear station in Kent, after flaws had been found in a key component of the high-pressure gas coolant circuit of one reactor during a routine inspection.

As a result of this discovery, and of the subsequent discovery of similar problems in its two reactors at Bradwell in Essex, these two nuclear stations are expected to remain out of service at least until next summer.

The CEGB is therefore resigned to the loss of at least 650 MW from the Dungeness and Bradwell stations for another winter. This represents, at present fuel prices, a cost of over £1m a week—the cost of using alternative fuels.

The CEGB has a total of 16 Magnox reactors, totalling 3,500 MW of electricity. The generating cost of these reactors is substantially less than the cost of coal or oil fired plant.

The CEGB says it is prepared, for this reason, to undertake extensive repairs, even though some of the reactors are now 17-18 years old. They were originally designed for a 20-year life, but when refurbished may have a 25-30 year life.

Nevertheless, the repairs are expensive, chiefly because of the difficulty of reaching the flawed components. These are steel bellows, which take up the expansion as the gas coolant circuit carrying hot gas from reactor to boilers heats up.

The CEGB estimates the total cost of replacing a bellows—some of which are being made in West Germany, because of problems in the supply of top-quality steel—at about £400,000.

The new bellows are being made to the same basic design as those made in the late 1950s for the early Magnox reactors, with only minor modifications to try to facilitate inspection in future.

Because of differences in reactor design, the stations have different numbers of bellows. The Dungeness station has 24 per reactor, Bradwell 36 per reactor, and Berkeley 72.

All the flaws in these bellows are coming to light as a result of the use of ultrasonic inspection techniques which were not available when the reactors were built. The CEGB engineers say they are sure that the flaws were present in the steel from the outset, but were never picked up by the non-destructive testing techniques of the day.

The gas coolant circuit, of which the flawed bellows are part, was tested originally to 1.6 times its operating figure—a very high over-pressure—before the reactors were put into service.

But the new ultrasonic inspection techniques are still causing the CEGB considerable difficulty in interpreting results unambiguously. Some bellows have had to be sacrificed in an attempt to calibrate the inspection equipment itself more accurately.

Phone users query level of economy at Telecom

By Jason Crisp

THE Telecommunications Users' Association has strongly questioned British Telecom's claims to have applied "stringent internal economies" made in a paper on the latest round of rises in telephone charges submitted to the Department of Industry.

British Telecom has announced price increases to take place on November 1 which will increase revenue by 17 per cent. It is the second increase this year and was a result of strict cash limits applied to its borrowings. *The limits threatened* to hamper its £1.5bn capital investment programme to modernise the network.

But the Telecommunications Users' Association is particularly sceptical as to whether British Telecom has achieved the economies it claims.

The Users' Association notes: "Users continually comment on the inordinate number of Post Office representatives who attend meetings to discuss simple installations. TUA is particularly concerned that since 1970 Telecommunications headquarters staff have increased by 42 per cent while field staff have increased by only 1 per cent."

It also casts doubts on British Telecom's pricing policies which, it says, "read like passages of mediaeval scholasticism on economics" rather than having a market orientation.

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Steel production down 55.7% in one year

BY MAURICE SAMUELSON

PRODUCTION by Britain's public and private steel industries fell last month by a dramatic 55.7 per cent compared with September 1979, reflecting the acute lack of orders caused by the industrial recession.

With short-time working prevalent at both the British Steel Corporation and members of Producers' Association w the British Independent Steel Producers' Association (BISPA), September's weekly average output was only 206,000 tonnes as against more than 465,000 tonnes 12 months previously. Seasonally adjusted, output barely topped the 200,000 tonnes mark.

The BSC said this was probably the lowest on record. Since August alone, output had dropped 16 per cent, confirming that the backlog of orders caused by this year's steel strike had ceased to support production. The best month this year was June, with a weekly average output of 387,900 tonnes (compared with 456,800 tonnes in June 1978).

The fall in output is so serious that steel industry circles are comparing them with the situation a year ago which prompted the corporation to embark on its sweeping plans for cutting capacity.

The BSC, which issued yesterday's figures jointly with BISPA, is playing down the role of imports as a cause of the September production figures. It places much greater emphasis on the economic situation, and assumes that imports, too, are being hit by lack of demand.

Nevertheless, the figures are a further reminder of why the corporation is so keen that EEC steel producers should reach agreement on price and production controls by the end of this month. Earlier this week Mr. Ian MacGregor, BSC chairman, warned that if the agreement was not reached it would launch a deliberate price cutting war.

Steel imports into Britain so far this year have exceeded £1.1bn, compared with about £780m in the first eight months of 1979. This was largely due to the BSC strike but also coincides with British export difficulties caused by the strength of sterling, and increased pressures on the British market by European producers.

BSC staff in private venture

BY MAURICE SAMUELSON

A GROUP of technologists from British Steel Corporation (BSC), made redundant last Friday at Shotton, North Wales, have joined a private company which has bought the rights to develop a process pioneered by their former employer.

The company, Mixalloy, has purchased the licence to develop and use a process which converts metal powder into strip. It is said to have a promising potential in manufacture of nickel, nickel iron and non-ferrous alloys.

Its joint managing directors are Mr. Edward Jackson and Mr. Idwal Davies, formerly managers in BSC Shotwick's strip development department. Mr. Francis Smith, a retired senior BSC executive, will be the chairman, and three other former Shotwick managers are sinking part of their redundancy money into the venture.

Lack of money forced the BSC to close its development programme at Shotwick, near Shotton, which had employed 135 people at an estimated cost of £1m a year.

But confidence in the potential of the new technology prompted two city institutions, UK Provident and Minster Assets, to help to found Mixalloy with £300,000. Another £100,000 was granted by the Welsh Office, while BSC (Industry), the Corporation's company which helps to create jobs in areas of steel closures, is to give practical assistance.

Mr. Smith, Mixalloy's chairman, said last night that development work would continue for another year. It was hoped that the process would begin earning money in 1982.

Bristol port warns of bonus cuts

FINANCIAL TIMES REPORTER

THE PORT of Bristol Authority yesterday sent its 200 employees details of a package aimed at staunching the port's heavy financial losses. It aims to reduce the authority's wages bill by cuts in bonuses and overtime payments and the withdrawal of the labour force and staff from the Royal Portbury Dock.

From November 3, the facility, opened only 2¼ years ago at a cost of £40m, will not be permanently manned but will be provided with staff and and dockers as required, from the Avonmouth Docks complex.

Mr. Ernie Bristow, chairman of the District Docks Trade Union Committee, warned that the move could lead to industrial action. "I am appalled by the way this has come about without any consultation," he said.

Shop stewards at the port, later issued a statement, rejecting the package "in its entirety." They declared that any determination of agreements must be renegotiated through their union office.

The Port Authority's losses in the last financial year, totalled £7.7m, representing a burden on the ratepayers of Bristol, of 10p in the pound. This year, the losses are forecast to be even greater.

- Manchester Docks yesterday announced plans to cut its workforce by a tenth and has offered voluntary severance to 70 registered dockworkers. It is also discussing the question of voluntary severance with other groups of workers.

In the first half of this year the profits of the Manchester Ship Canal Company, which owns the docks slumped from £1.97m to £0.36m.

- Greater Manchester Transport, faced with mounting losses and a continuing drop in passenger traffic, plans to make staff cuts and reduce its bus services.

It is thought that more than 1,000 of the 11,500 staff will lose their jobs and more than 300 buses may be taken off the roads.

The company is the biggest transport authority outside London, with a fleet of 2,900 buses. Last year it lost £3.75m and passenger levels have fallen by 12 per cent so far this year compared with an average loss of only 4 per cent annually in recent years.

High interest rates are resulting in the loss of 400 jobs at the Chesterfield offices of Credit Data, a national debt services company.

Redundancy notices issued today follow the closure of the company's regional offices in London, Birmingham, Newcastle and Cardiff.

In London, the Whitbread brewery said that up to 36 white collar jobs may be lost at its Luton brewery as part of a bid to save money. This is due to the declining demand for beer and its heavy capital investment to improve productivity.

The company already has plans to cease production at their Tottenham depot in London in 1982 where 200 people are employed. Later in 1982 production and distribution at another depot in Lewisham is to be re-allocated, affecting a further 170 workers.

Qualcasts' Derby foundry is to lose 65 workers because of a stedy decline in orders due to the recession in the motor industry. Already 1,300 workers at the company are on short time working.

Another Midlands town, Irthlingborough in Northants is to lose 35 jobs with the closure of the nationalised haulage company, closure of Roadline's repair depot there.

Toshiba to decide on plant 'soon'

By Guy de Jonquieres

TOSHIBA, the Japanese electronics and electrical manufacturer, is still deliberating whether to take over Rank-Toshiba, its television-making joint venture with the Rank Organisation.

But after a meeting in London yesterday between Mr. Shoichi Saba, president of Toshiba, and Mr. Harry Smith, Rank's chairman, Rank said the Japanese company was expected to make a decision soon.

Rank last week announced its withdrawal from the loss-making television operation. It has offered its 70 per cent share to Toshiba. If the offer is refused Rank-Toshiba may be closed down with a loss of nearly 3,000 jobs.

Meanwhile, Dr. David Owen, MP for Plymouth, site of Rank-Toshiba's main factory, met Mr. Saba yesterday. Dr. Owen said he hoped Toshiba would keep the plant open, or if it decided to build a new factory, to locate it in Plymouth.

Scotch bond withdrawals

By Gareth Griffiths

SCOTCH WHISKY withdrawals from bond appear to be falling less sharply than for other spirits, according to figures released yesterday by the Scotch Whisky Association.

The amount of whisky withdrawn from bond in July on which duty was paid and which was cleared for the home market was 2.85m litres.

Jenkin seeks to cut NHS drugs bill

BY MARTIN DICKSON

A NEW effort to curb the National Health Service drugs bill was announced yesterday by Mr. Patrick Jenkin, the Social Services Secretary.

He said he would establish an informal working group with the medical profession to consider the whole sphere of prescribing and related matters.

"Prescribing is a matter for professional clinical judgment, but it is increasingly important for doctors and dentists to be aware, and make their patients aware, of the cost to the community of the growing drugs bill," he told the annual meeting of the Society of Family Practitioner Committees in Harrogate.

He said that, between 1970/71 and 1978/79, the drugs bill in England had risen in real terms by some 57 per cent, compared with an increase of only 39 per cent in the cost of the health service as a whole. In current terms the bill rose from £161m in 1970/71 to £685m in 1978/79).

"There can be no exceptions to the economic facts of life," he added. "We cannot spend money which we do not earn."

Mr. Jenkin said the working group would "identify ways of encouraging effective prescribing." He emphasised that it was a collaborative effort including the profession and not a Government attempt to tell doctors how to behave.

Ford offers extra all-in car cover

By John Griffiths

FORD is launching an optional warranty scheme offering up to two years additional cover after the expiry of its initial 12-month warranty on new cars, light vans and Transits.

Two plans are being offered under the scheme. The first provides warranty without mileage limit during year two of ownership. The second gives protection up to a recorded mileage of 60,000 in the third year.

The warranty covers parts and labour on all major electrical and mechanical components and assemblies. It also includes towing-in charges, overnight accommodation up to £30 for drivers, up to three days' car hire coverage while the vehicle is being used in Europe and automatic transfer to a new owner without cost. There is no limit to the number or value of claims.

The scheme — applicable to both private and fleet purchases —starts officially on Monday and will be available up to 90 days after purchase. Costs range from £55 for the two year plan and £110 for the three-year plan on an Escort or Fiesta, and up to £161 for three-year cover on larger cars.

Extended warranty schemes have come into widespread use in recent years, BL's "Supercover" and Fiat's "Mastercover" being based on broadly similar lines.

Ford's "Extra Cover" scheme differs from most others, however, in that the company is operating and underwriting the scheme itself rather than in conjunction with a finance house.

Milne to be BBC deputy director

BY LISA WOOD

MR. ALASDAIR MILNE, managing director of BBC Television, is to be appointed the corporation's deputy director when Mr. Gerard Mansell retires from the post at the end of the year.

Mr. Milne, a former editor of *the "Tonight" programme,* became managing director, television, three years ago, succeeding Mr. Ian Trethowan who subsequently became the BBC's director-general.

Recently, Mr. George Howard, the corporation's chairman, denied rumours that Sir Ian was going to retire early. Sir Ian is 58 and not due to retire for another two years. At the time it was predicted that Sir Ian's likely successor would be Mr. Milne.

The BBC board of Governors also announced two other appointments yesterday. Mr. David Webster becomes director, United States—*a new post* —and Mr. John Wilkinson will be director, public affairs.

Mr. Webster, who leaves the post to be taken up by Mr. Wilkinson, will look after the BBC's growing interests in the U.S. Mr. Webster is a former editor of "Panorama," while Mr. Wilkinson, a former head of production and planning of the World Service, is at present the BBC Secretary.

- No decision has yet been made public by the Independent Broadcasting Authority on the future of Westward Television which has been torn by an internal argument that has spilled over into the courts.

Last month the IBA asked for assurances concerning the future of the station and demanded answers by October 9. It told Westward that it is not only the renewal of its contract which is at risk but also the remaining 15 months of its present franchise.

Timepieces fetch £9,000

SALEROOM

BY ANTONY THORNCROFT

A LONG-CASE CLOCK by Thomas Tompion, made in London in the early 1680s, sold at Sotheby's yesterday for £9,000, plus the 11.5 per cent buyer's premium and VAT. A Lange and Sohne gold hunting case watch fetched the same price and a mid 18th century gold clock-watch by Thomas Eastland went for £5,200.

An oil by Hans Purrmann entitled "Stilleben" sold for £5,800 while in an oriental sale at Belgravia a pair of large cloisonne vases doubled their estimate at £5,200.

The series of Sotheby's sales at Monte Carlo produced a total of £954,529. A collection of Rousseau manuscripts was acquired before the auction by the Bibliotheque Nationale for £14,000.

A cello discovered by Phillips among furniture cleared by an executor sold at its saleroom yesterday for £11,500. It was made by Joannes Gagliano in Naples in 1800 and went to a musician who also paid £7,200 for a violin by Joannes Baptista Gabrielle, Florence, 1760.

At Christie's an amaranth and parquetry bureau cabinet, South German or Swiss and dating from the mid 18th century, sold for £14,000 to the Mount Street Galleries of London. Niedhardt, a German dealer, bought a South German stained burr maple and marquetry chest of the same period for £8,500.

Spink completed the dispersal of the coin collection of H. Pegg with a total of £345,225 and a top price of £5,600 for a James I gold crown.

M & S defends use of foreign fabrics

BY RHYS DAVID

ALMOST 50 per cent of woven fabric used in garments sold by Marks and Spencer is bought from overseas because it is not available in the right qualities and quantities in the UK. Mr. David Sieff, a director of the group claimed yesterday. He said the main imported supplies were coming from high wage economies in Europe.

Mr. Sieff whose group adopts a strong Buy British stance, purchasing 90 per cent of the clothing it sells in the UK, urged British textile manufacturers to pay much more attention to design and to concentrate on products involving inovation and technical expertise.

Speaking at a conference on product strategy for the 1980s he pointed to a number of areas in which he said the UK textile industry was now weak in comparison with other developed countries. In polyester cotton woven fabric, the Japanese could deliver to the UK at 80p per metre against a UK cost of £1.20. Supplies of heavy weight fabrics such as denim and corduroy were being obtained from Germany, Italy, Switzerland and France because the supply from Britain was not adequate or of a high enough quality.

The industry's design effort would also have to be improved to match the highest standards in the EEC and U.S.

"Unfortunately within British industry managers with a sound appreciation of the importance of design are rare, as indeed are good designers who can translate the latest trends for the mass markets," he said.

According to Mr. Sieff around 100,000 people in textiles and clothing are involved in making products for Marks and Spencers and he stressed that the company's Buy British policy was based not on patriotism or tradition, but on the ability of the suppliers working closely with his company to deliver goods at the right price and of the necessary standard. The group intended to continue working with manufacturers to ensure British made St. Michael goods, stayed high on everyone's shopping list.

There were dangers, however, that the present serious economic situaion could result in the permanent loss of capacity in textiles preventing the industry from taking advantage of increased demand later. Mr. Sieff also attacked unfair trading in textiles which he said further weakened the position of even the most efficient UK producers.

Cheap sound may mute specialists

The low prices, aggressive marketing and intensive research of big audio companies form a threefold challenge to Britain's hi-fi makers. Elaine Williams investigates.

SPECIALIST manufacturers of hi-fi equipment in the UK are begining to find that their world reputation is under increasing pressure from multinational companies, particularly the Japanese.

The challenge to this varied group of about 60 small UK companies takes two main forms. On the one hand, mass-produced audio systems costing £300 or less are gaining in quality as a result of improved microelectronics technology.

Consequently, music enthusiasts who are not perfectionists can enjoy good sound from an off-the-shelf product, without paying more. Many middle of the market systems today are in many ways superior to the hi-fi of 15 years ago.

The other main challenge to the smaller manufacturers is the development of technologies affecting hi-fi itself. These include "digital" recording techniques, and the prospect that video discs will allow, for example, opera lovers to watch a recorded performance on their television set while listening.

Many of these innovations—particularly video discs—are absorbing enormous research and development costs, far beyond the reach of smaller companies whose annual sales are often less than £1m.

These companies, whose products are still widely sought throughout the world, particularly in the U.S. and Japan, are finding that multinationals like Philips of Holland, Sony and Matsushita of Japan and even International Business Machines (in a joint venture on video discs with Philips) are beginning to encroach on their territory.

Against these massed forces, the UK industry is small and fragmented with no effective way of pooling its undoubted expertise and research capability or of presenting a common marketing front. The question is whether the small specialists will still be able to make a living in the shadow of their bigger competitors. In the immediate future they are also threatened by the effects of the recession on consumer spending.

The 60 companies in the sector export about 70 per cent of their products and account for about £20m a year out of the total UK audio market, estimated to be about £150m a year. Typically, the companies employ between 20 and 100 workers. They include Quad, Goodmans, Ferrograph, Armstrong, SME, KEF and B and W.

One of the largest in this sector is Quad, best known for its amplifiers and loudspeakers. It was set up in 1936 to make amplifiers for public address systems. Now it has a modest annual turnover of about £4m and even manages to export 10 per cent of its production to Japan.

The most successful of the companies make loudspeakers; KEF, Goodmans and B and W, for example. They are the envy of their foreign competitors. The Japanese with their use of computer aided design have failed to match British innovation and performance.

The hi-fi market has split into the large general consumer market and a small specialist area where enthusiasts could continue their search for perfect sound reproduction.

Japanese companies, whose factories were geared to mass production, quickly dominated the low and medium price end of the market, leaving the top range products to the small specialist makers.

During the next few years the British industry will face increasing pressure from outside the hi-fi world. Videodiscs will be launched next year. The first video album was produced earlier this year by Chrysalis recording company of the U.S. group Blondie's LP "Eat to the Beat."

This technology can also be used to produce better audio discs. Philips in the Netherlands and Sony in Japan are already working on digital audio reproduction.

Instead of a conventional groove, the sound is stored as a series of depressions beneath the surface of a 4½ inch diameter disc. The depressions or pits are read by a laser pick-up as a series of bleeps which are then "translated" back into the original sound waves.

Since the disc is not in contact with a stylus it does not wear out as in the same way as an ordinary LP, nor is the quality of reproduction affected by surface dirt and scratches. A single side of 4½ inch disc can hold an hour's play.

These developments are likely to attract the important sector of enthusiasts—now accounting for an estimated 40 per cent of the specialist market — who are fascinated as much by the latest technology, the design and performance of the equipment, than the music played on it.

On the other hand, any hi-fi audio system is still made up of the same basic elements. The British strengths lie in loudspeakers and amplifiers, which will be needed in any systems of the future.

Solicitors warned of poor job prospects

By A. H. Hermann, Legal Correspondent

SOME OF the 15,000 people training to be solicitors will end up jobless, Mr. Jonathan Clarke, Law Society president, warned yesterday. They will add to the 2,000 solicitors already unemployed, compared with only 200 vacancies registered at the Law Society.

To deal with this increasing overmanning, Mr. Clarke said the Law Society should improve selection and training ensuring that a larger proportion of entrants is capable of dealing with the more demanding tasks outside of private practice.

In his address to the Society's conference in Eastbourne, he urged solicitors to accept change and to attract to the profession young men and women capable of competing for work which is now done by merchant bankers and highly experienced accountants.

He also called for a more rigorous removal from the profession of solicitors who do not meet the required standards of honesty.

Mr. Clarke said the number of solicitors had increased over the past 20 years by 76 per cent from 25,000 to about 44,000. Last year over 3,000 new solicitors were admitted, of whom 27 per cent were women.

The problem is aggravated by the fact that three-quarters of those looking for work are conveyancers, while most of the vacancies are for advocates and specialists. There is also a marked tendency not to replace solicitors who die or who leave a firm.

At the same time, Mr. Clarke urged that the Law Society should be more determined than it sometimes appears, to exclude from its ranks those with an unsatisfactory standard of honesty. "You need look no further than this year's experience of the compensation fund to see that we have some in our profession who should have no place with us," he said.

The Royal Commission on Legal Services was praised for giving the society a clean bill of health, but Mr. Clarke opposed the commission's recommendation that a system of regional law societies be established.

He criticised the Government for tolerating the "intrusion" of "unqualified conveyancing organisations." "Legal they may be, but it is a reproach to this country that they are allowed to continue."

Lords next week

Monday: Local Government, Planning and Land Bill: Committee; Inverclyde District Council Order Confirmation Bill and City of Dundee District Council Order Confirmation Bill, Third Reading.

Tuesday: Local Government, Planning and Land Bill: Committee.

Wednesday: Broadcasting Bill: Committee.

Thursday: Civil Aviation Bill: Committee; Tenants Rights (Scotland) (Amendment) Bill (HL) Second Reading.

Cosmos holiday surcharge pledge

BY MAURICE SAMUELSON

A MAJOR British travel company is offering guarantees that prices of its 1981 summer holidays to the U.S. and Europe will be exempt from inflation surcharges.

Cosmos says that by paying an extra £5 tourists will escape last-minute surcharges on Mediterranean and European holidays. For £8 travellers will avoid surcharges on trips to the U.S., even if costs are pushed up by rises in the price of aviation fuel.

Unveiling the schemes in the company's 1981 brochures, Mr. Sidney Silver, managing director, said that the increases in holidays would stay well below the rise in inflation. Some holidays would cost even less than this year. On average, they would be 6 per cent more than people paid this year.

In common with Thomson Holidays and Horizon, Cosmos is expanding the number and variety of its holidays. The company is offering more than half a million holidays and has introduced new destinations in the Hawaiian Islands and the Caribbean.

Some American holidays will be cheaper than this year. Nine days' stay at Miami Beach starts at £199 compared to £195 for eight days this summer.

With Aberdeen joining the list of airports used, Cosmos holidays now start from 13 UK airports. It has signed a £14m contract with Laker Airways which has allocated Cosmos 60,000 seats to Miami, New York and Los Angeles.

Cosmos said that many of the British tourists to the U.S. this year were making their first overseas trip. There had been no major difficulties in acquiring visas from the U.S. embassy. But the company warned vacationers to take dollar travellers' cheques, as some U.S. banks are still unwilling or inequipped to exchange foreign currency.

It also recommends travellers to the U.S. to take at least £50,000 worth of medical insurance cover.

Lloyd's can call on funds of £2bn, says chairman

BY JOHN MOORE

LLOYD'S OF LONDON has funds totalling £2.08bn ($5bn) at its disposal, Mr. Peter Green, chairman of Lloyd's has, revealed.

Mr. Green, speaking at an insurance conference in the U.S. earlier this week, detailed the most recent totals in the funds of the UK's oldest insurance market.

Deposits of the 18,552 members amount to $1bn; the special reserve fund accounts for approximately $240m, and the reserves held by underwriting agents, the groups which manage the affairs of underwriting members, total $120m.

"All members of Lloyd's," he said, "have unlimited liability and their gross incomes and other assets might conservatively be put at about $3.6bn." This gives Lloyd's total funds of about $5bn.

"The ratio of surplus to premium income is, therefore, of the order of 1 to 1, whereas many insurance companies would be well content with 1 to 2 or even 1 to 3."

Mr. Green said that once the Fisher report on self-regulation has been implemented at Lloyd's "and we have introduced better bye-laws for the regulation of Lloyd's brokers, the elimination of the 20 per cent rule should be possible."

The 20 per cent rule states that no non-Lloyd's insurance interest can normally own more than 20 per cent of a Lloyd's broker.

When Lloyd's introduced the rule in 1978 it blocked two takeover bids by large U.S. brokers and angered the U.S. market. Since then the rule has been gradually relaxed.

K Shoes 'restricting trade'

THE Director-General of Fair Trading is to be asked by Mr. Dale Campbell-Savours, Labour MP for Workington, to investigate claims that K Shoes, the British shoe manufacturer, is operating a restrictive practice by refusing to sell footwear to a local store.

K Shoes, which is to close its Workington factory with a loss of more than 200 jobs, is alleged to have refused to supply a local co-operative with its products on the grounds that it already sold shoes through two other outlets in the town. Cumbria Co-operative has been trying to 'ecome a K Shoes retailer since 1975.

Mr. Campbell-Savours said yesterday: "Restrictive trade arrangements are anti-competitive and against the public interest." He said K Shoes must be investigated because he could only assume "it is company practice to have restrictive trade arrangements and it could be affecting hundreds of other retailers throughout the country."

K Shoes refused to comment on the matter apart from confirming that it had been talking with the Co-operative Wholesale Society about the Workington store.

BA tempts visitors with cheap hotel rates

By Michael Donne

BRITISH AIRWAYS' passengers from overseas will be able to obtain cheap hotel accommodation in London this winter. Some rates will be as low as £7 a night for bed and breakfast.

A deal between the airline and eight major hotel groups will ensure over 30,000 "room nights" for BA passengers this winter.

The groups are THF, Grand Metropolitan, EMI, Intercontinental, British Transport Hotels, Sheraton, Lex and Imperial, with some 30 hotels in London.

Rates for bed and breakfast will vary from £7 a night at the Tavistock Hotel, £7.75 at the Royal National and £8.25 at the President to £13.40 at the London International; £13.90 at the Penta and St. Ermin's; £15 at the Great Western; £18.30 at the Heathrow Hotel and the Sheraton Heathrow; £21.45 at the Cumberland; £22 at the Waldorf; £23 at the Tower; £27.50 at the Westbury

These rates, which are not part of "packaged holidays," represent cuts of up to 40 per cent on normal prices. There are no "hidden extras." The rates include VAT and service and will remain unchanged until the end of March, 1981.

Mr. Gerry Draper, director of commercial operations for British Airways, said this was an answer to charges that hotel accommodation in London was expensive. The rates are an essential aspect of the airline's plan to boost travel to the UK.

To qualify for these cheap rates, the traveller, either on business or pleasure, must book a round-trip on BA's flights and reserve his hotel accommodation at the same time. (Travel agents will get 10 per cent commission.)

David Churchill finds food profits have slumped

United Biscuits offers a few crumbs of comfort

WHEN Sir Hector Laing, chairman of United Biscuits, said two years ago: "Food manufacturers are on a slippery slope which threatens to become a dangerous slide," the outlook for the industry was already bleak.

Now, as the recession compounds the particular problems faced by food manufacturers the position is even worse.

The past decade has been difficult, to say the least. For most of it, companies have had to cope with rising raw materials prices, Government price controls and intense pressure from grocery retailers in the High Street price war. And, all the while, volume demand for processed food has remained virtually static.

The latest survey of the Food and Drink Industries Council underlines the effect these factors have had on the industry. It reveals that food profit margins have fallen to their lowest level for five years.

Even United Biscuits, which has managed better than most food companies steadily to increase its profits from biscuits and snack foods (and, more recently fast and frozen foods), has found the going tough. Last month the company annouced iterim pre-tax profits unchanged at £16.1m, in spite of a turnover increase of 12 per cent to £449m for the half year.

And UB has also found that it has some excess fat to slim, with about 1,500 of its UK workforce of 30,000 likely to be shed by the end of the year, albeit mainly by natural wastage and voluntary redundancies.

But Sir Hector, an ardent supporter of Mrs. Thatcher and her policies, refuses to make the recession a scapegoat for the problems of UB or the industry. "I fully support the Government's policies," he says. "They are proving a discipline which we all need."

UB

Profits:	
(to Dec. 29, 1979)	£43.7m
Half year to July 12, 1980	£16.1m
Sales:	
(to Dec. 29, 1979)	£791m
Half year to July 12, 1980	£448.9m
Exports: 1979	£22.7m
Employees:	40,000
of which in UK	30,000
Capital employed	£273.5m

The group first felt the chill of the recession in the early months of ths year—when retailers drastically cut stocks of biscuit lines along with most other processed foods. But it had decided some time before that it needed to improve its competitiveness and understood that the new Conservative Government's policy of non-intervention in industry would create a climate where greater emphasis was placed on effective management.

—Some of UB's problems, Sir Hector believes, are the result of a decade of price controls. These encouraged UB, along with other food companies, to press for the maximum permitted prices increases because of fears that further increases would not be forthcoming. Managements found it easier to push up prices and thus offer the consumer less value, rather than find ways to reduce costs.

UB was also becoming concerned that it, and other UK food processors, were becoming less price competitive with foreign food companies. But in spite of foreseeing the need to reduce costs and increase productivity, the company was still slow off the mark. "There was not the same spur to change things until circumstances had changed," Sir Hector admits.

The spur came with the retail trade's decision to cut stocks, especially of biscuits. Last year these provided some 42 per cent of UB's UK turnover of £525m and 54 per cent of its £37m UK pre-tax profit.

Volume sales of the higher-margin branded biscuit lines have fallen by about 6 per cent, although this has been compensated to some extent by a rise of about 5 per cent in own-label biscuits, whose lower prices have been more attractive to the housewife. The overall market for biscuits has slipped slightly because of the recession, with volume likely to be between 1 and 2 per cent down by the end of the year.

The groups' over-riding criteria now is that profit margins —which stand at about 5.5 per cent—should not be trimmed any further. To keep margins up UB has rationalised and improved some of its baking facilities and carried out a major overhaul of its product lines to weed out the weaker brands.

But its main preoccupation has been with unit costs. Sir Hector hopes that when pay negotiations start next month the union negotiators will appreciate the realism of single-figure pay rises for next year in order to help maintain job security.

Sir Hector has promoted the gospel of increased productivity as the only way to get real pay rises in a series of meetings with staff over the past year. One of his favourite techniques is to produce a jug of orange squash and four glasses to show the impact of added value: 73 per cent goes to employees in earnings, 19 per cent in reinvestment, 5 per cent in dividends and interest, and 3 per cent in tax. He points out that unearned pay rises can only be paid for by reducing the amount in the smaller glasses—and lower investment, he points out, is the way to permanent unemployment.

UB's cost-cutting has also extended to management whose numbers have been reduced at all levels in line with the cut in production workers. Management "perks"—such as company cars—have also been affected, with senior management no longer having their cars replaced on an annual basis.

Apart from such particular cost cutting steps, UB's main recession philosophy has been to "run a tight ship with a strong balance sheet: cash is the name of the game." Sir Hector refuses, however, to put the blame for any of UB's problems on the twin bogies of high interest rates and the level of sterling. A rights issue earlier this year, for example, was made to increase UB's liquidity to help cope with the recession.

And Sir Hector points out that the high value of sterling helps reduce the cost of raw material imports which reduces the cost to the consumer. A 1 per cent change in the sterling rate of exchange increases or reduces UB's raw material costs by about £500,000.

Sir Hector is also adamant that the "short term phenomenon of the recession will not affect the company's strategic investment in overseas food activities."

WRESTLING WITH RECESSION

Abbey Life alleges conspiracy

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN ATTEMPT was made in the High Court yesterday to block a pending action in which Abbey Life Assurance Company is alleging a conspiracy against it by companies in the Skandia insurance group and former Abbey employees.

The defendants asked the court to strike out Abbey's claim on the ground that it was muddled, prolix and disclosed no cause of action against them.

Abbey argued that, though not perfectly drafted, its claim was clear. The company contended that the defendants' application was merely a delaying tactic.

Mr. Justice Vinelott will rule on the application today.

Abbey has sued seven former key personnel, who have since joined Skandia Life Assurance Company, a subsidiary of Skandia Insurance Company, the Swedish parent of the Skandia Group.

The two Skandia companies, and Skandia UK Insurance Company, are also defendants to the action, in which Abbey is claiming damages.

Abbey alleges a conspiracy to wreck the commercial operation of broker business at certain of its regional branches and to appropriate its goodwill for the benefit of Skandia Life.

It accuses its former employees of entering into the conspiracy while still working for Abbey, and of secretly trying to persuade other Abbey staff to join them.

Mr. Thomas Morison, QC, for the Skandia companies, said that Abbey's claim was so difficult to follow that it would be unfair for the defendants to have to answer it. The issues could be made clearer in a much briefer claim, he suggested.

Mr. Alexander Irvine, QC, for the individual defendants, complained that it was not clear what conspiracies were being alleged against which defendants.

He was not saying that Abbey did not have a case only that its claim could be made clearer. As the allegations were serious, it would be an injustice to the defendants if the claim was not put into proper order before they had to answer it.

Mr. Jeremiah Harman, QC, for Abbey, said that it was plain that what was being alleged was a conspiracy to damage Abbey, to appropriate its goodwill, and to cause it to shut down part of its business.

The plan had not been "head-hunting" for staff, but a covert conspiracy to steal, which was something the law would not allow, said Mr. Harman.

Call for marine clean-up

FINANCIAL TIMES REPORTER

A SCOTTISH fishermen's leader yesterday called for an experimental clean-up of oil-related debris in the UK sector of the North Sea.

Mr. Roddy McColl, assistant secretary of the Scottish Inshore Fishermen's Federation, made his demand after a record annual compensation pay-out to fishermen for damage caused by unidentified oil-related debris. He said an operation, similar to that carried out in Norway, should be mounted.

"A clean-up operation, as in Norway earlier this year, must be done on an experimental basis in the UK sector," he said. He was concerned with damage or loss of gear and loss of fishing time.

Clean-up operations in specific areas, intended to minimise the effects of offshore oil developments on fishermen, have been discussed in principle by operators and Government departments. The topic will be given some importance at a meeting on Monday in Edinburgh of the Fisheries and Offshore Oil Consultative Group after a visit last week by Scottish fishing industry leaders to Norway.

Compensation for damage is paid by a fund financed by the oil industry but managed by fishermen's representatives.

The year had seen the lowest number of claims submitted since the fund was set up five years ago. There were 36 claims, compared with 45 last year, leading to the highest annual compensation of £30,500, up from £23,100 in 1979, he said.

Mr. McColl said inflation had hit the fishing industry hard. Despite the drop in the number of claims, he said inflation necessitated more money for the fund.

The Monday meeting of the consultative group will consider a draft code of practice for the sensitive and prolific Moray Firth fishing area. The topics will include supply boat routes, clean-up operations around abandoned well-heads, the marking, inspection and recovery of buoys, and liaison between the fishing and oil industries.

Howe's pledge—there will be no change of course

INDUSTRY WILL be the first to benefit when the Government is next able to lower taxes, **Sir Geoffrey Howe**, the Chancellor of the Exchequer, indicated in a warmly acclaimed speech to the Conservative conference at Brighton yesterday.

His insistence that there can be no change of course in economic policy until the conquest of inflation is achieved was accompanied by a clear warning that there is no immediate prospect of tax cuts.

The Chancellor told conference: "There is no sensible alternative to the course on which we are set. It would be folly beyond belief to turn back now.

"Have no fear—we shall not falter. We shall win through."

Sir Geoffrey with his emphasis on the need to press home the "attack on public spending," heartened Tory supporters alarmed by pre-conference Ministerial talk of a possible increase in taxation.

He seemed to pose this possibility only to brush it aside.

"Higher taxation—who wants that?" asked Sir Geoffrey in dismissive tones which won a roar of approval.

His promise of still more intensive efforts to trim public spending equally reflected the mood of Tory representatives.

He was adamant that a reduction in the level of pay settlements must be a prime target in the attack on public spending.

Sir Geoffrey undertook that the cash limits for public sector pay would be set at levels the nation could afford.

"The increases allowed for will be sharply lower than in the current year," he pledged.

The Chancellor left no doubt that the placing of a higher value on the worth of index *linked pensions will be part of* the process of scaling down the cost of settlements in the public sector.

Sir Geoffrey claimed, with clearly apparent justification, to have interpreted the mood of the conference in giving his assurance that industry will be the first to benefit when the nation's tax burden can next be eased.

To cheers he commented: "I have the feeling from the debate that it is first to industry, to enterprise and small businesses that you would wish me to direct my attention."

Most speakers in the debate—including **Mr. Edward DuCann**, chairman of the 1922 committee *of Tory backbench MPs and* of the Commons Select Committee on the Treasury, had urged the Chancellor to authorise and early and substantial cut in minimum lending rate.

Sir Geoffrey gave no hint of his intentions in this sensitive sphere, but some of the businessmen in the audience thought he offered a possible clue in a reference to some problems that could be tackeld "reasonably soon."

Mrs. Thatcher confers with Sir Geoffrey Howe

In a section of his speech in which he dealt with interest rates in more detail, Sir Geoffrey gave his commitment to press home the Government's attack on public spending.

The only way to get interest rates down and keep them down, he said, was to cut and cut substantially the public sector's need to borrow money.

It was at this stage, too, that Sir Geoffrey showed his distaste for the idea of a possible increase in taxation.

This distaste was embodied in a motion overwhelmingly approved which called on the Government not to weaken in its resolve to reduce its spending, its borrowing and the overall levels of, taxation especially direct taxation.

The chairman did not call an amendment which would have asked conference to accept that "as a means of achieving an early and major reduction in its borrowing requirement, the Government should also, if necessary, increase taxation.

Sir Geoffrey told critics of the Government's efforts to control the money supply that difficult technical problems were inescapable.

But he stressed that the Government's objectives were not under challenge, and reminded conference that Mr. Denis Healey, his Labour predecessor, had sought to pursue the same course when he was in office.

Sir Geoffrey declared: "The Government remain determined to pursue a responsible policy of monetary control to which we are committed, both by conviction and by commonsense."

Sir Geoffrey did not flinch from the fact that the continuation of current counter-inflation policies are likely to lead to still higher unemployment in the short term. In taking this stand he recalled the dole queues which were a feature of life in his own home town of Port Talbot in the 1930s.

Having demonstrated his awareness of the problems *faced by those out of work*, the Chancellor maintained: "But we should not serve Port Talbot or Consett or any other hard pressed community any better by giving up the fight against inflation."

It was a fight which involved pain and this was why other governments had shied away from it in the past.

"But if inflation was allowed to rage unchecked, the pain and sacrifice would be far worse. That is why this Government will not flinch from that task."

Mr. DuCann buttressed his call for an early reduction in MLR—"as soon as you can Chancellor, please"—with a suggestion for more sophisticated methods of cash control in the public sector.

He advocated that the departmental cash limits should be divided into capital account and current account.

The capital account should be maintained or increased each year, while the administrative cash limit should be reduced each year. Mr. DuCann also urged that the function of the state auditor should be rapidly expanded to cover the field of effectiveness and efficiency audit—practices already in operation in the private sector.

Mr. John Sharp from Leicester was applauded when he complained that Government policies seemed to be squeezing the private sector more than the public sector.

He urged Ministers to bear in mind that the country needed the revenues from North Sea oil in addition to, and not instead of, a manufacturing base.

Another critic of the Government, **Mr. Roger Pinney** from Aberystwyth, argued that Ministers should have been more ready to help the private enterprise concerns who had shown an interest in taking over the steel plants at Consett and Shotton which BSC had closed down.

Mr. Cyril Taylor from Northwood wanted the cuts in the public sector to be extended to include Sir Keith Joseph's own department.

"Why not give up your department and merge it with Mr. Nott's Trade Department?" he asked.

Joseph says 'no' to more state aid

THE GOVERNMENT'S determination to tighten its control over nationalised industry expenditure was graphically illustrated yesterday when **Sir Keith Joseph Industry** Secretary, rejected calls from British Telecom for increased State support for high technology investment.

Constraints

This amounts to a significant snub for Mr. George Jefferson, who last Friday asked the Government to relax its financial constraints when he made his first public statement since becoming chairman of the British Telecom part of the Post Office.

Mr. Jefferson argued that there was a special need for his Corporation to be released from some of its financial controls because it urgently needed to go ahead with high technology investment.

Investment

But speaking to a Bow Group Group meeting at the Conservative party conference in Brighton yesterday, Sir Keith said: "We are stopping British Telecom from expanding their investment because the public sector borrowing requirement is an essential factor we have to consider.

"If we allow them extra investment, we have to cut it out from somewhere else."

He added, however, that he is encouraging British Telecom to increase its investment through joint ventures and partnerships with private enterprise.

Reluctant

Sir Keith favours this solution because it increases private sector involvement in what is at present a State owned monopoly, as well as reducing the pressure on public spending.

Sir Keith also indicated that he will be reluctant to take away the Post Office's postal monopoly, but will do so if it does not improve its services and meet its targets.

He declared: "It is only right to give the Post Office time to show what it can achieve. I hope it meets its targets." If it did not do so, one might need "a patchwork with a little private sector involvement."

Howell's scheme for oil bonds sale

THE GOVERNMENT yesterday unveiled the centrepiece of its legislative plan this session for opening up the State sector to the private investor.

Replying to the energy debate, **Mr. David Howell**, Energy Secretary, spelt out plans for offering the public a chance to buy revenue bonds in the British National Oil Corporation's North Sea operations.

As part of the same Bill, the Government will introduce powers to give the public an equity stake in the Corporation. But it was clear from Mr. Howell's speech that the Government is still a long way from actually coming forward with an equity scheme—despite the pressure in the party to do so.

Mr. Howell said that, although the legislation to provide for an *equity stake in BNOC's North* Sea oil business would be included in the forthcoming legislation, he was bound to warn the conference that it would be a "complex and promethean task to unravel the extraordinary arrangements that our predecessors left."

The revenue bonds will be ready for introduction some

Reports by Elinor Goodman, John Hunt, Ivor Owen, Margaret van Hattem and John Elliott. Photographs by Hugh Routledge.

time next year. Interest pay*ments on the bonds will be* directly linked to the revenue from BNOC's commercial performance.

Mr. Howell claimed that these bonds would offer a "unique opportunity to the small saver." They would enable the wider public, who did not normally invest in shares, to benefit directly from Britain's North Sea oil wealth.

Announcement of the new scheme came at the end of a debate on energy, during which delegates had expressed considerable concern about the impact of high energy costs on industry.

But in his reply, Mr. Howell *held out no hope to industry of* any direct Government intervention on energy prices, and *rejected the idea that Britain* could afford to operate a cheap energy policy.

In the short term, he warned, people would have to pay more for their fuel this winter.

Instead, he put the emphasis on the need to safeguard Britain's long-term energy resources and to adopt a realistic pricing policy.

Britain was, he said, on the verge of energy self-sufficiency, except for gas. That, he maintained, would provide Britain did not mean that the country was insulated from international energy developments.

"If vital oil supplies are suddenly cut off to our free world *trading partners, there is no* way that we can pull the shutters down and insulate our*selves completely from the* shocks that follow."

It would be "utterly foolish and short-sighted" if Britain tried to "live cheap off our oil." That, he said, would be like a farmer killing off his livestock and living cheap off it, and then facing famine.

Mr. Howell repeatedly emphasised the need to increase competition in the energy sector wherever possible. It was because he believed that competition was good for the with an insurance policy, but it customer that the Government had proposed breaking the monopoly for electricity generation.

For the same reason, he wanted to see not only more nuclear electricity but also more combined heat and power schemes of the kind already operated in some parts of industry.

The Government, he said, was also considering how hard-pressed industry might be given more direct access to its own gas supplies in the North Sea.

At the end of the debate, the conference passed a motion urging the Government to encourage the most rapid development of Britain's oil resources "tolerable to the oil companies and markets."

The motion went on to propose that the revenue generated should be used to "*further our second industrial* revolution and research new and less limited resources of energy supply."

Conference faces: Mr. Angus Maude (left), Mr. David Howell, Mr. William Whitelaw and Mr. Edward Du Cann

Whitelaw hits out at Left-wingers' attacks on police

MR. WILLIAM WHITELAW, Home Secretary, yesterday hit out at Left-wingers for launching an onslaught against the police, and singled out Mr. Michael Meacher, Labour MP for Oldham West, who had led a campaign against the Home Office and the police over the deaths of prisoners in police custody.

Mr. Whitelaw also praised the "bobby on the beat" as "still the greatest deterrent to crime and the surest guarantor of our safety."

Mr. Whitelaw told the Tory conference that he "deplored *a concerted attack made on the* police by a minority on the far Left."

He said: "We have heard some very grave allegations. For example, the unpleasant innuendos by Mr. Meacher over deaths in police custody which were quickly proved to be absolutely groundless by the unanimous report of the all-party Home Affairs Select Committee."

He went on: "Then there have been deliberate attempts to discredit the Metropolitan Police's Special Patrol Group. But mobile reserves such as these are of inestimable value in modern urban policing and must be supported in the important role they play."

There had been a large increase in the strength of the police with only three forces in the country more than 5 per cent below their establishment.

The recruiting picture was encouraging, said the Home Secretary. The Government had tried to increase the range of sentences available to the courts. For violent and dangerous criminals the only answer was very long term inside prison.

But longer sentences in general would merely worsen the grave situation in Britain's prisons which were already suffering from serious overcrowding.

Defending his "short sharp shock" regimes for young offenders, Mr. Whitelaw said: "We may have to make changes in them, but I believe they will prove their worth. We are determined to ensure they do."

The persistence of mugging and the "distressing and shameful spate of football hooliganism" indicated that these detention centres were neither unreasonable nor "a wicked reversion to cruel methods associated with the Middle Ages," said Mr. Whitelaw.

Earlier, **Mr. Christopher Hayward**, chairman of Wessex area Young Conservatives, delivered what he described as a "short, sharp speech" in which he presented Mr. Whitelaw with a six-point plant to fight crime.

He wanted to:

- Bring back capital punishment, with MPs having free votes until they got it right.
- Bring back corporal punishment. "If more children were given clips round the ear when they transgressed, we would *have less undisciplined adults.*"
- Not give way on prison sentences: "Keep the prisons full for prisoners' full terms."
- Keep the police strong.
- "Stand up to those sycophantic mealy-mouthed and too often Socialist do-gooders who find it their business to invent excuses for young offenders."
- "Listen to the ordinary people instead of intellectual debates in Parliament. Law and order is an instinct in most people."

Delegates roared their approval after each "instruction" to Mr. Whitelaw and Mr. Hayward ended his two minute speech with a personal appeal to the Home Secretary.

"It is my hope, Mr. Whitelaw, that you will remember this experience as a short sharp speech."

Earlier in the debate, **Mr. Aubrey Rosen** of Hendon attacked sociologists who had created the intellectual tradition that capital and corporal punishment were wrong. He thought many hooligans would rather face corporal punishment than be sentenced to years in prison.

British could become 'mugs of Europe'

THE BRITISH people are in danger of becoming the "mugs of Europe," **Mr. Teddy Taylor**, MP for Southend East, told conference yesterday.

"Many of us are seriously concerned with the effects of our present relationship with the rest of the EEC," he said.

It was time the Government took a long, hard look at the structure of that relationship, rather than embarking on a propaganada campaign to tell the public how lucky they were.

In a week of relatively subdued debates, where conference has dutifully passed most motions with "overwhelming" majorities, and speakers have expressed little opposition to them except to say they did not go far enough, yesterday's debate on the EEC was notable for the amount of anti-Market *feeling that emerged from the* floor.

Several speakers who attacked the wastefulness of the Common Agriculture Policy, the size of Britain's net contribution to the Community's budget, the loss of sovereignty and of control over public spending, were warmly applauded.

Sir Ian Gilmour, the Lord Privy Seal, *was also applauded* for his defence of Britain's membership of the EEC. But he was heckled throughout his speech, and did not get the customary standing ovation.

Conference approved a motion calling on the Government "to launch an education campaign to explain the benefits *of Britain's membership of the* EEC." But Mr. Taylor successfully moved that this be amended to read "explain the facts about Britain's membership."

Government use of taxpayers' money to present only one side of the argument might set a dangerous precedent, he said, which might one day be taken up by *anti-Marketeers such as* Mr. Anthony Wedgwood Benn.

"It is possible," Sir Ian replied, "to be critical without questioning Britain's membership of the EEC. There can be no going back and there will be no going back. There is no real future for Britain outside the EEC."

Members of the Labour Party who, at last week's conference in Blackpool had rejected calls for another referendum on the subject, did so because they feared the result.

The Community was about to begin a process of internal reforms. It would be long and slow. But it would lead to a stronger, united Europe. Criti*cism in Britain of the EEC was* often ill-informed and ill-intentioned.

"We shall continue and intensify our efforts to rectify this," he said.

Supporting the amendment, **Mr. John Gregory**, of Stretford, urged conference to "make up your own minds on facts, not propaganda.

"Don't you want the facts? Do you want your minds made up for you?" he asked. "Education campaign—what sort of a phrase is that? It is a phrase Goebbels would have been proud of."

The Labour Party conference decision in favour of withdrawal *from the EEC was a fiasco*, said **Mr. Richard Ritchie**, of Wandsworth-Tooting.

But it would doubtles avert a great amount of public response and should not be ignored.

Stanley defends sale of council houses

THE ABBEY Housing Association has been given the go-ahead to build homes *for rent* on two London sites under the assured tenancy provision of the Housing Act, **Mr. John Stanley**, Minister of State for Housing, told the conference. This is the first association to be aproved under the Act.

Mr. Stanley was given a standing ovation for a speech in which he made a spirited defence of the Government's drive to sell council houses and promised to thwart Labour councils who tried to block tenants buying their own homes.

The Abbey Housing Association was set up by the Abbey National Building Society. Assured tenancy provisions allow market rents to be charged on new buildings.

Mr. Stanley said that on Wednesday, Mr. Michael Heseltine, Environment Secretary, had signed the approval for the Abbey Housing Association which is needed under the Act.

The sites have been purchased from the GLC, one in Islington.

The Minister said that, over the past year, a total of 75,000 council houses had been sold—a record.

He wanted to ensure that tenants were not prevented from selling their homes in Labour areas such as Manchester and Sheffield. Any council who set out to prevent such sales would be flying in the face of democracy. The right to buy was now the law of the land.

If sales *were prevented* by Labour local authorities, then the Environment Secretary had reserve powers to intervene.

"If it becomes necessary to use those powers then use them we shall," he warned.

The demand for right to buy forms had been tremendous, he said. So far this week there had been 20,000 requests to the Department of the Environment alone.

He chided the Labour Party for committing itself to remove the right of 6m tenants to purchase council houses. Gleefully he promised that the Conservatives would *remind* voters of this at the next general election.

The Minister also attacked Labour for its pledge to repeal the Government's shorthold tenancy provisions.

"That is an act of pure political vandalism that deserves to be condemned in the strongest possible terms," he declared.

The conference approved a resolution which viewed with apprehension the decline of the rented section and urged the Government to increase the availability of private flats and houses to rent.

Moving the resolution, Councillor M. G. Bond of South Dorset, said that the decline in the private rented sector had gone too far.

The clarion cry goes out—spread the gospel now

BY JOHN HUNT

IN ANCIENT times Eastern potentates had a nasty habit of ordering the execution of messengers who brought them bad news. Nowadays Governments are a bit more sophisticated and appoint a Minister to act as a shock absorber when their policies become unpopular.

The present holder of that post is the enigmatic Mr. Angus Maude, Paymaster General, who has some form of shadowy responsibility for the Government's information service. At the conference yesterday he had the ticklish task of replying to a motion which criticised *the Government* for failing to get its message across to the public.

One delegate drew a picture of Mr. Maude pouring gin and tonics down the throats of the receptive hacks and suggested that the Minister could not be blamed if such methods achieved only limited results.

In fact, nothing could be further from the truth. The complaint of most journalists is that they have no contact whatever with Mr. Maude, and have only the vaguest notion what his role is supposed to be.

His brief appearances in the House of Commons to *answer questions are* eagerly anticipated by ribald Labour backbenchers who have great fun trying to trip him up as he doggedly defends Government policies.

There were no such problems yesterday, however. Far from attacking him, speakers fell over themselves to compliment him on the sterling job he is doing. The consensus seemed to be that there was nothing wrong with the Government's policies or with the way they were being presented.

Far from it. The real villains were the "fair-weather" hangers-on among the rank and file who supported Mrs. Thatcher at the last election but have now gone to earth once the going had become rough.

"Where are they now?" demanded one angry speaker. "There are skulking in their bunkers!"

When it came to suggesting a remedy for these difficulties, delegates seemed more than a *little hazy*. The main suggestion was that all would be well if they returned to their constituencies and started bending the ears of all their friends by extolling the marvels of Thatcherism.

One ardent man suggested that Central Office should send out political briefs which *could be rewritten by the* local parties and inserted in the editorial columns of hundreds of weekly papers throughout the country. One imagines the domestic scene as the Mugglesworth Bugle thumps onto the doorstep on a Friday.

Ignoring the accounts of local fetes and flower shows, the lady of the house is gripped by the latest riveting bulletin from Smith Square. "I say Bert, look 'ere. John Biffen says that money supply came down by three points last month and Sir Keith says that industrial competitiveness is an essential prerequisite in the battle against inflation."

Carried away on this tide of enthusiasm, other speakers went even further. One suggested that Tory women should nobble other housewives in the supermarkets to spread the gospel.

Another delegate exhorted the rank and file "to explain party policy whether in the *pub, the office or on the golf* course."

This conjured up truly horrific scenes with solitary Tories spouting forth to empty bars, shops and offices as honest citizens escaped through the nearest exit.

Leaving aside this programme for certain defeat at the next election, other speakers rounded on Tory councillors who were putting up rates just like those terrible Trotskyites in inner London.

At this inopportune moment, another speaker, Meg MacDonald, came forward with a shocking true life confession. She was a trade unionist and a civil servant. A suspicious silence descended upon the hall.

But worse was to come. She worked in an office giving out unemployment benefit and had recently come out on strike because there was not enough heating.

This was too much for some party stalwarts and cries of "shame" drifted up from the hall.

But Miss MacDonald ploughed relentlessly on. It was wrong, she insisted, for Tories to keep castigating hard working civil servants for receiving inflation proof pensions.

"Try working for a living," snarled one delegate.

After this diversion, it was left to Mr. Maude to do his well-known impression of Buster Keaton maintaining an impassive deadpan expression whatever the pressures around him or whatever the topic under discussion.

To do him justice, he did bring back an element of reality to the debate, reminding delegates that with 2m unemployed it was not easy to rise above the jeers of opponents and unite a temporarily bewildered nation.

The wistful and muddled nature of the debate was well summed up by Nikki Hall who declared: "We are heading down the same path. Some at different speeds, some at different angles. But what does it matter if we get there in the end?"

The confusion was compounded when the conference approved the resolution which criticised the Government's communication policy but, at the same time, gave a standing ovation to Mr. Maude, the man who has been responsible for carrying it out.

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Medium sized Panel Manufacturer, owned by an investment trust, wishes to purchase total control or majority interests in suitable companies—preferably in manufacturing; although merchanting would be considered.
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WYCOMBE PANELS LTD.,
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in Men's and Boys' Wear now developing into Mail Order would be interested in acquiring an established company already trading in that field. *Principals should write in the first instance to:*
Ronald Teeman & Co., Solicitors
Aire House, Swinegate
Leeds LS1 4AJ (Ref RT)
Strict Confidentiality Assured

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Seeking to broaden base of existing enterprises wishes to purchase, outright, similar business with established tour connections, preferably at the top end of the market. Enquiries in strict confidence invited from established companies.
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With good management continuity
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wishes to acquire major interest/outright purchase of small manufacturing or distribution company preferably situated in the Midlands.
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WANTED

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Newater House, 11 Newhall Street
Birmingham B3 3NY
Telephone: 021-236 4846

OUR CLIENTS

wish to purchase for cash a light sewing company either in the mens or ladies field with a good record of profits up to £100,000 and modern production facilities. Most suitable for chain store manufacturers—preferably South or West of England.
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COMPANIES IN ANY FIELD — Cash or phased purchase. Management retained. Write Box G.6583, Financial Times, 10, Cannon Street, EC4P 4BY.

UK NEWS – LABOUR

TUC suspension threat divides Grain rebels

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE UNITED front of opposition by two sections of the Amalgamated Union of Engineering Workers (AUEW) and the Electrical and Plumbing Trades Union (EPTU) to the TUC advice on the inter-union dispute at the Isle of Grain crumbled last night.

The executive of the construction section of the AUEW has instructed its general secretary, Mr. John Baldwin, to find a solution to the dispute by October 20. Lacking a solution, the section will abide by the TUC's advice.

Mr. Baldwin said last night the executive considered that, because of the union's size—at 25,000 members—it was vulnerable to attack by other unions on its membership if it was suspended from the TUC.

"If we had been able to amalgamate fully with the other sections of the AUEW, then it would have been different. But the Transport and General Workers Union and the General and Municipal Workers Union are after our members, so we need protection," he explained.

However, in letters to the TUC, the 1.2m strong engineering section and the 420,000-strong EPTU have confirmed their opposition to its advice. The period which they were given to submit to the TUC guidelines expires today.

A meeting of the full executives of the two sections of the AUEW and the EPTU has been arranged for October 20, when the situation will be reviewed. The suspension of those unions who have not indicated obedience to the guidelines will be made effective at the TUC's general council meting on October 22.

Mr. Baldwin said that further meetings might be arranged before the 20th between the rebel unions and Mr. Len Murray, the TUC general secretary. He said he did not believe that the engineering section and the EPTU would submit to the TUC advice, and thus would be suspended.

He added that Mr. Terry Duffy, the engineering section's president, was "very very worried" by the prospect of suspension.

"Whatever happens between now and the 22nd, there is no way that the Central Electricity Generating Board (the client at Grain) will allow the laggers working on site to be replaced," he said.

Miners demand 35% increase

BY JOHN LLOYD, LABOUR CORRESPONDENT

A CLAIM by the National Union of Mineworkers for pay increases averaging 35 per cent will be presented to the National Coal Board today, accompanied by a strong warning from Mr. Joe Gormley, the NUM president, that any final settlement must be well into double figures.

Mr. Gormley rejected the recent urgings of Government ministers that wage increases in the public sector must be in single figures, and that rising unemployment should frighten workers into moderate settlements.

Speaking after the NUM executive unanimously approved the claim yesterday, Mr. Gormley said: "I can't see any reason that I as a leader would want to recommend acceptance of a figure which is lower than that which we need to keep up our standards of living. We are not responsible for Government policy, we are the victims of it."

Mr. Gormley conceded that some of his members might be worried by high unemployment.

The cornerstone of the claim is a demand that the basic surface wage be raised to £100 a week, with others going up in proportion. The present surface minimum rate is £73.64, while the present minimum for faceworkers is £101.45.

However, Mr. Gormley stressed that other elements in the claim were seen as equally important. These include:

- a lowering of the retirement age, now at 60, to 55
- a reduction of the working week from five days to four on a five-day production cycle
- all pay to be put on a salary basis
- an increased annual holiday entitlement with holiday pay at average earnings rather than basic earnings
- an increase in payments for the standard task performance
- the establishment of a retirement scheme for the 9 per cent of members not presently covered.

The first two of these elements, Mr. Gormley said, were aimed at bringing down the level of unemployment by creating more jobs.

In the detailed claim, the NUM argues that the NCB has achieved substantial improvements in output and productivity in the past year, and that the European Commission, the OECD and other international bodies had stressed the growing importance of coal production.

Pay ultimatum for BP and Shell

BY NICK GARNETT, LABOUR STAFF

BP AND SHELL were yesterday given a month to substantially increase their pay offers to refinery workers. In the absence of such improvements a joint company shop stewards meeting will be reconvened by the Transport and General Workers' Union in November to consider co-ordinated industrial action at the two company's nine refineries and chemical complexes.

But the meeting of union delegates which yesterday took that decision is thought to have displayed differences of attitude on pay at the different refineries.

The workforce at BP's Grangemouth refinery which handles the great bulk of output from the North Sea Forties field appears to be more determined to secure a pay deal above the retail prices index.

Shop stewards at Grangemouth have been discussing their claim with workers at BP's Sullom Voe oil terminal who are seeking increases of up to 25 per cent.

Industrial action by these two groups could seriously affect BP's output and the supply of oil to other oil companies.

It is thought the companies will be prepared to eventually agreed pay deals related to the RPI. Shop stewards at BP Grangemouth, however, say workers there are seeking increases above this level.

Shell has offered its refinery workers 11 per cent. BP has offered Grangemouth 11 per cent with a further 6 per cent of present salaries in six months in a deal to run 18 months.

Workers at BP's Grain refinery have been offered 11 per cent with a review in March. And because it is thought the Grain refinery may be vulnerable to future cutbacks, the workers might be prepared to settle soon.

Japanese whisky protest

By Our Labour Staff

THE SCOTTISH TUC is organising a demonstration tomorrow at the World Match Play golf championship to draw attention to the difficulties facing Scottish distillers as a result of Japanese whisky manufacturing.

The championship is sponsored by Japanese distillers.

Recession has hit the Scottish industry, but its problems have been exacerbated by companies exporting bulk malt whisky for admixing into foreign products.

Some of them have agreed either to reduce such exports or at least to consider the unions' request to halt them.

The principal target of the unions is Suntory, a Japanese company which buys malt whisky in Scotland for admixing into its own products made in Japan. The unions say Suntory, which is sponsoring the golf tournament at Royal Wentworth, Surrey, has declined to stop its bulk malt whisky buying unless all companies do so.

Mr. Bobby Smith, national officer of the General and Municipal Workers' Union, responsible for the drinks industry, said yesterday: "The general feeling is running very high among the workforce. There is a worsening situation for the Scottish industry on world markets partly caused by whisky made in Japan."

BL Cars to issue notice of redundancy next week

BY PHILIP BASSETT, LABOUR STAFF

BL CARS will meet officials of its white-collar unions next week to give them a required five-day notice of its intention to implement compulsory redundancies.

BL wants to cut its 22,500-strong white-collar workforce by about 4,200 to keep it in line with reductions in the manual labour force under the company's survival plan.

The level of compulsory redundancies the company will seek, however, is unclear. So far it has only 700 acceptable voluntary redundancies. It would like overall cuts implemented by the end of this year, so substantial compulsory redundancies are suggested.

But the company is meeting resistance from its white-collar unions. The latest to declare its opposition is the Association of Scientific, Technical and Managerial Staffs. This has joined the white-collar sections of the engineering and transport workers' unions in declaring an overtime ban.

The Association of Professional, Executive, Clerical and Computer Staff, the main union involved, also threatened a similar ban, which could disrupt production of the Mini Metro.

Mr. Don Mathieson, ASTMS national officer, emphasised yesterday that his union wanted to see both the Metro and the company a success, "but we cannot stand by and see our members thrown out of employment."

Substantial overtime is being worked to produce the Metro, and Mr. Mathieson said the union was not prepared to see systematic overtime worked in one part of the company and compulsory redundancies in another.

National officers of unions representing BL's 73,000 manual workers met yesterday to consider a paper on union representation on the company's national joint council, which is being revised following BL Cars' withdrawal from the Engineering Employers' Federation.

The union side will meet on Monday to consider its response to BL's 6.1 per cent pay offer to manual workers before talks resume on the offer in Coventry next Friday.

Trade unionists and local community leaders from Leyland in Lancashire launched an eight-point plan, including import controls, reciprocal trade arrangements with the EEC, and greater investment, to try to secure the future of the Leyland commercial vehicle plants in the area, where about 9,000 workers are on short-time.

- The Confederation of Shipbuilding and Engineering Unions decided yesterday to set up a small committee specifically to meet Sir Keith Joseph, Industry Secretary, for a series of occasional meetings on the state of the engineering industry.

TUC protest on sick pay

THE TUC yesterday sent detailed evidence to Mr. Patrick Jenkin, Social Services Secretary, expressing total opposition to the Government's Green Paper on income during initial sickness.

It is seeking an early meeting with Mr. Jenkin to press for action on the Green Paper's proposals to replace National Insurance Benefits by a £30 statutory sick pay.

Its evidence deplores the Green Paper's attack on the role and benefits of the National Insurance scheme, built up by successive governments.... and the proposed general reduction in the level of minimum financial provision during periods of sickness.

Working people would, under the proposals, pay the same level of contributions as before, but receive less National Insurance benefit. The TUC says many employers will, because of abolition of earnings-related supplement, have to pay more in occupational sickness schemes

Under the proopsals, the TUC adds, many people covered by statutory sick pay would have to apply to the Department of Health for supplementary benefit to secure a subsistence level of income.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The perils of going West

Arnold Kransdorff on the hidden frustrations of acquiring American companies

WOULD YOU invest in a country where the bureaucracy is daunting, legal *formalities* onerous, lawyers profligate, accountants dictatorial and the natives nationalistic?

The answer, for many of Western Europe's major companies, is *most definitely* "yes," especially if that country is the United States.

Aggregate direct *overseas* investment in the U.S. has, since 1960, jumped more than sixfold to over $40bn—a figure which significantly understates the true extent of foreign ownership because it only includes inflows of equity finance and not those investments and acquisitions financed by local borrowings. And the most prominent foreign investors have been the Dutch and the British, accounting for about a quarter and almost a fifth respectively of the official total.

At the moment the annual number of foreign acquisitions is at its highest since the Second World War: there were 162 in 1977, almost 200 in 1978 and 236 last year. And prices paid have been substantial—well over $6bn in total for 1979.

The reasons for the attraction of the U.S. as a stamping ground *for foreign companies are* well known.

Among others, it represents the world's largest single market, with a Gross National Product of more than $2,000bn. It is also relatively easy to raise capital, while labour costs are relatively low in real terms, and the level of unionisation is not as high as *elsewhere* in the industrialised world.

In addition, there has been *the recent decline of the domestic* stock market and of the dollar. For UK-based predators, the recent lifting of exchange controls has been an added incentive.

All these are compelling reasons for foreign companies to invest in the U.S. But while the nation may indeed be the last bastion of free enterprise, it would be a mistake to ignore the different business attitudes or to underestimate all the difficulties involved.

This advice was rammed home at a recent conference on *Corporate Investment and Acquisitions by Foreign Companies in the U.S.A.** at which *two major* British companies gave accounts of their experiences. They were Thomas Tilling Inc. and Mardon Packaging International, a wholly-owned subsidiary of BAT Industries since 1979.

Both were adamant that their forays into the U.S. were extremely worthwhile, but a Tilling executive set the tone when he warned that "The general atmosphere is hospitable but not always helpful."

There are for example, numerous restrictions which apply at two levels of *Government*—Federal and State—and a great deal of attention has to be given *to* them. At the Federal level there is an overabundance of reporting requirements involving such things as anti-trust statutes, tax laws, health/safety regulations and pollution controls.

Thomas Tilling's experience in the U.S. is unusually extensive. A widely diversified holding company, and one of Britain's top 30 companies—its 1979 pre-tax profit was more than £80m—it has made 12 U.S. acquisitions since 1977, at a cost of around $350m, with the largest totalling almost $50m. The U.S. currently accounts for almost a quarter of Tilling's overall profits.

Several aspects of the U.S. business climate contrast sharply with the UK's according to Colin Draper, Thomas Tilling's president.

In the first place the professionals—bankers, accountants and lawyers—are "very different" from those in the UK. "The bankers have an *extreme attitude of involvement* in their clients' affairs and they really seem to me like a greengrocer *from whom* you buy a pound of potatoes and who insists on coming home to see whether your wife knows how to cook them."

The fashion for American takeovers continues unabated, but pacesetter Thomas Tilling and Mardon Packaging (part of BAT) warn of "unhelpful" nationalistic attitudes, a growing conflict between U.S. regulatory agencies, and "extremely onerous" legal formalities.

Conflict

"The accountants are more dictatorial but less precise." Draper noted that accountants in the U.S. are appointed by the directors and not the shareholders — "so that you can always get an acceptable opinion if you feel that your present auditors are not doing the *thing* the way you would like it."

"I think the lawyers enjoy *the benefits of some rather bad* law, which I'm afraid is unlikely to change while 60 per cent of *the representatives* in Washington are lawyers." Draper continued. "Within the total concept of the law in the U.S. I think there's a danger of shift towards the assumption of guilt unless you're proven innocent, and this applies to things like the credit rating system and the current attempts by U.S. legislators to extend the impact of American law outside the U.S."

Draper also referred to a growing conflict between legislation and regulatory agencies, of which there are 58 in the U.S. "They have no political accountability and they are almost unassailable once they're in place. *Most of their time is spent* issuing counter-instructions of one sort and another."

They make life "very difficult," he says, claiming that there was very little industrial resistance to the problem. There are also contrasting attitudes within the corporation. For example, managers in the U.S, have a much stronger self-interest.

"I've been abused and insulted by managers who were not the shareholders of the company but who refused to consider what was in the best interest of the shareholders; they were entirely concerned with what was in their best interest and they were going to do all they possibly could to keep me from getting anywhere near the shareholders."

Draper also referred to some "unhelpful" nationalistic attitudes. "*There is still a feeling* that there is in some way the possibility that the U.S. can be isolated from what's going on outside." He quoted the "galling" experience of having a distributorship taken from an acquired company on the grounds that Thomas Tilling was foreign-owned.

Referring to the legislative problems, Draper says that there are important factors which may lie outside the jurisdiction of the Federal Government but which can be regulated locally.

"Unless one is very careful one can be trapped. There is an increasing attempt to introduce both State and Federal *regulations to restrict and limit* the number of foreign acquisitions, or foreign ownership of *various assets and one also has* to watch that extremely carefully."

For Mardon Packaging, North America was also a fertile acquisition ground. Through both direct and indirect acquisitions (those companies bought by the overseas subsidiary), 31 of its 100 factories are located in Canada and the U.S.: in 1979 North American sales contributed a quarter of Mardon's turnover.

The group's experience in arranging a loan facility in the U.S. was *notable for the* "extremely onerous" legal formalities, according to John Allan, *financial* controller. The extent of the required documentation and attention to detail was somewhat overwhelming."

"At the closing meeting, partly because of an involvement with Canada, no less than 11 different firms of counsel were represented or gave opinions. We learnt from this that it is essential to be represented by a major firm of U.S. lawyers with wide-ranging expertise, including taxation. It is important not to be 'out-ranked' by counsel acting for the other side."

Equally onerous was the *work involved* in preparing submissions to the Federal Trade Commission to enable it to determine whether a transaction would violate the U.S. anti-trust laws, he said.

When making acquisitions it was essential to [illegible] U.S. legislation is, in certain areas, stricter than in the UK, he advised. *Apart from the anti-*trust laws and the environmental and safety legislation *there* are regulations concerning equal opportunities and pension obligations; separate management pension schemes are not allowed "because a pension scheme has to go the whole way down to comply with legislation," he said.

In addition to the legal burdens, Allan related some accounting problems inherent to certain forms of U.S. acquisitions, particularly relating how to account *for goodwill*.

Where assets rather than stock are acquired, he said, the *purchase price should* be allocated in a way which eliminates as far as possible the goodwill element in the price.

Where shares are purchased for cash, it may be worthwhile to obtain for tax purposes a "step-up"—an upwards revaluation—in the value of the assets acquired, he added.

Allan also came across a problem when the company was searching around for possible smaller acquisitions. "Compared with the UK, little information is on file for unquoted companies in the U.S."

In spite of all these difficulties companies like Thomas Tilling and Mardon obviously still find the U.S. business *environment* fruitful. In the words of Mr. Draper, the climate is sometimes *frustrating but not hostile*.

* *Corporate Investment and acquisitions by Foreign Companies in the U.S.A. Graham and Trotman, 14 Clifford Street, London. W1. Price £52 or $124.*

Why you may have to bare your soul to the workers

Michael Lafferty examines new EEC proposals for greater corporate disclosure

MULTINATIONAL AND large national companies operating in the European Community will have to provide *their employees* with a considerable volume of information about their activities *under the provisions of a* draft EEC directive released last week. The proposal has the *objective of giving employees* "a clear picture" of a company's activities on a group basis, as well as in each of the EEC countries in which it operates.

If the directive is implemented the central management of U.S. multinational companies operating in Europe would be obliged to make available to all subsidiary managements every six months a mass of facts in *order to inform their employees* "fully, effectively and in good time."

The data called for what would have to cover the group as a whole. In particular, it would include information about: structure and payroll; economic and financial position; present situation and probable outlook for production, and sales; the present and probable employment outlook; production *and investment plans*; rationalisation plans; production and work methods, especially any proposed new working methods; and any procedure or project likely to have a material effect on employees' interests. Similar information would be required from national companies within the EEC.

The idea of providing employees with information of this nature has already *provoked an outcry from certain* business interests, and the UK's Confederation of British Industry has probably been the most vocal. The CBI argues that this is not an area where the law should intervene. *It says* that voluntary initiatives by companies provide an adequate response.

This attitude raises important questions about shareholder rights, and seems to run counter to developments in many other European nations.

There can be little doubt that much of the information called for in the draft EEC directive, *when presented on a group and* disaggregated basis, would be of use to analysts and investors.

This is why there are very strong arguments for the inclusion of all important public disclosures about a company's business in the annual corporate report, where they will be seen by all users.

British companies (and their auditors) tend to react to this idea with cries of horror, claim*ing that the annual report* would then look like a telephone directory. Indeed, there is a lively debate in progress to simplify the existing document, while much effort has been put into the production of "employee accounts" which many shareholders find more informative than annual reports.

Contrasts surveyed

It is probably not realised that the annual reports of major UK companies are already among the shortest in Europe. *For example, the annual reports* of the 15 largest industrial and commercial companies in France and *Germany have* around twice as many pages as similar UK companies. The main reason for this is that the French and German companies include extensive employment and other non-financial statement data in their reports, while UK companies limit them*selves mainly to financial statements*.

WHERE BRITAIN LAGS

Percentage of surveyed companies whose reports contained clearly defined employment sections

Dutch	100
German	100
Spanish	100
Swedish	100
French	73
U.S.	43
UK	33
Total sample	49

Source: FT World Survey of Annual Reports 1980

The contrast between UK and continental European company practice in this area is shown by the recent *Financial Times World Survey of Annual Reports 1980*. Virtually all companies surveyed from France, Germany, the Netherlands, Spain, Sweden and Denmark were found to have clearly defined employment sections in their annual reports. But only one-third of the UK companies had employment reports.

The most outstanding employment report identified in the survey was published by *Moet-Hennessy*, the French cognac and champagne group. In a total of 10 pages it covers *in considerable detail matters* such as trade unions, election turnouts, working conditions, training, payroll variations and pay policy.

Other excellent employment reports covering many of the same areas were found in the annual reports of Carrefour *Casino*, L'Air Liquide, Rhone-Poulenc, Saint-Gobain and Total from France, of Daimler-Benz and Volkswagen of Germany, and the GB-INNO-BM store group of Belgium.

The growth of employment disclosures in the annual reports of continental European companies seems to have occurred at the same time as the "employee accounts" phenomenon has developed in the UK. The two are entirely different in their motivation. The idea of producing simplified accounts — suitably illustrated by coloured bar and pie-charts —often seems to arise from *management's desire to explain* how the profits or value added cake is divided. One of the troubles with this type of presentation is that it can be misleading to compare the slices taken by a company's workforce *with that of the shareholders*, especially when one is trying to relate rewards to relative contributions.

The rationale behind the employment report, on the other hand, could be said to stem from the view that a workforce is an asset, the use and performance of which ought to *be accounted for*.

Far too many British annual reports have the same flavour as that of Canadian Superior Oil, whose chairman ended his statement on the 1978 accounts with the comment, "The most important asset of any company, and particularly a resource company, is its employees." Barring two other sentences of thanks to the workforce for their good work, that is the last the reader *learns about this "most important asset."*

* *Financial Times Business Information, Bracken House, Cannon Street, London, EC4P 4BY. £88.*

LOMBARD

Some thoughts for the Think Tank

BY ANTHONY HARRIS

IT'S A SAD thought, considering the elevated hopes some of us once had, but the CPRS, known to those who still remember it as the Think Tank, has turned into the Government dustbin. This close community of intelligent young people was once supposed to generate the brilliant ideas that couldn't be expected from overburdened, disillusioned civil servants. It is now just a wild last hope when Ministers dislike the advice they get from civil servants. If only, after all, two and two made five.

Glum thought

This glum thought is inspired by the fact that the first important question which Mrs. Thatcher appears to have put to the CPRS is precisely of this kind. She wants new ideas on how to stop public industries passing on excessive wage increases in their prices. This is somehow to be reconciled with a Government policy on cash limits which insists that they must pass on wage increases in prices. Or to put it another way, Mrs. Thatcher is raising the possibility of a U-turn already performed by Mr. Heath, who froze public sector prices, while still remaining a monetarist.

Fortunately the Think Tank has one privilege which is not so easily exercised by civil servants (though practised altogether excessively by the Bank of England). It is free to say It Can't Be Done. It can also add that It Isn't Even a Good Idea. Those should already be the main headings for the proposed report.

The question itself, in fact, is a deplorable confession. If you ask "What do we do about excessive wage increases?" you are implicitly assuming that wage increases will be excessive. The implied question is no doubt meant to be "How do we impose disciplines on the State monopolies analagous to the competitive pressures on the private sector, and so prevent excessive wage increases?" The answer to that one is that again it probably can't be done, but at least it is worth a very good try.

One approach is to introduce some competition, where that is possible. It is, for example, possible to expose coal to competition, by allowing the main customer, the electricity authorities, to buy energy in the cheapest markets. The economic logic is simple enough: wages must be high enough to keep recruitment going (they used not to be, so that in the past large wage increases for miners were not "excessive").

Given this market wage, the industry must then be small enough to produce coal at a price which keeps the electricity authorities buying. It is the customers, not the Coal Board, who will enforce closures sooner or later: sooner if the miners are realists, later if they insist on digging a stockpile so large that we can happily let them come out on strike for a few months.

The first fact to drive home, in short, is that even where there are "market" solutions available, they simply set the battle-lines on which industrial warfare may have at some stage to be waged, if the other side wants to fight. That could be underlined in the report. And what must also be faced is this: that there are some natural monopolies for which there is no "market" answer—only the presence or absence of a Government policy for public-sector pay; and second, whether the battle is fought on market or policy lines, some battles will be lost.

So we can now re-phrase the question: "Suppose we introduce competition where possible, and lay down a policy for other settlements, what should we do about the ones that get away?" That's a lot to suppose, but the question is now a sensible one.

Public opinion

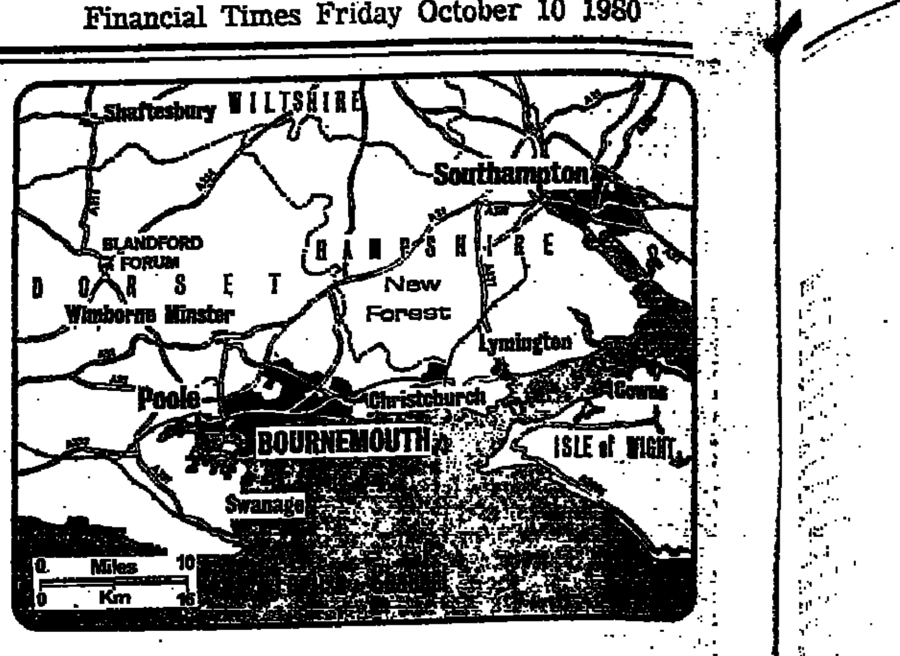
The answer is simple, excessive cost increases ought to be passed on in prices. Any alternative — taxes, subsidies, borrowing—is worse, and in the long run more inflationary.

What is more, they ought to be passed on in prices to the retail consumer, not industry—a specific surcharge on the electricity bill or the rates, naming names. "For coal-miners, £10. For water workers, £6." For if there is one weapon which the Government has not called in so far, it is public opinion. That threat, indeed, might even deter the excessive claims.

Next question.

The business of extending the holiday season

BY ERIC SHORT



SPURRED ON by its growing success in attracting conferences, Bournemouth is debating whether to build a 4,000-seat centre to attract the very largest gatherings.

Conferences are now very big earners for many towns, especially the resorts, bringing business throughout the year and extending the holiday season. Blackpool and Brighton are obvious examples of successful centres, but there are so many conferences, ranging from the commercial travellers to the political parties, that the business is shared around many more resorts. Scarborough, Douglas, Llandudno and Margate among coastal resorts, and Pitlochrie, Llandrindod Wells and Malvern inland, are just a few of the centres.

The big five, the towns which offer facilities to conferences with 4,000 to 5,000 delegates, are Brighton, Blackpool, Harrogate, London (through its Wembley centre) and Birmingham (with the National Exhibition Centre). Bournemouth is clearly thinking whether to join this group.

Bournemouth has one big asset in its favour: a good supply of top-grade hotels and many other hotels below five-star level. It has 64 hotels with stars—including the Langtry Manor Hotel, a structure originally built by Edward VII when he was Prince of Wales for Lily Langtry—and more than 800 registered hotels.

AROUND BRITAIN

BOURNEMOUTH

In the Edwardian era Bournemouth was probably the premier holiday resort in England. It is still an important holiday town but tastes have changed and like all British resorts it has been affected by the package-tour revolution of the past 20 years which has displaced the bucket-and-spade fortnight. Conferences are therefore seen by holiday towns as an important means of diversifying business. Brighton, for instance, now thinks of itself as a conference town primarily, with its holiday role distinctly subordinate.

This year's conferences in Bournemouth have had a distinct financial flavour about them, which reflects the way in which the town has managed to attract financial institutions. The Building Societies Association was among the early conference visitors in May and at the end of last month the Chartered Insurance Institute held their conference in the town.

Bournemouth has the right attributes for any firm seeking to relocate outside London—and much the same applies to Christchurch to the east and Poole to the West.

It has good communications with the capital yet is beyond the commuter catchment areas. It has attractive housing, good schools and excellent shopping facilities.

By train it is just 1hr 40 mins from Waterloo, quick enough to allow the executive to spend some hours in London on business and still be back home, or at his office, without making too much of an expedition of the whole thing. Driving from London to Bournemouth has its problems but improvements on the worst traffic hold-ups are promised, and if all else fails there is Hurn airport just outside the town.

Lastly, Bournemouth has a pool of labour, especially women, of the sort that large office complexes look for when evaluating a move out of central London. The whole area has a population of 360,000, out of which it iis possible to attract many married women once their families are at or beyond secondary school age.

These conditions drew N. Frizzell and Partners—looking to relocate its motor and other personal insurance operations back in the late 1960s—to the south coast. It was prevented by local regulations from building a new office in Bournemouth itself so it went 50 yards down the road into Poole and built Frizzell House, opened in 1970. It now employs 800 people.

Barclays International also chose Poole in the early 1970s and is now the biggest employer of clerical labour in the area with well over 2,000 employees. Abbey Life, one of the two largest linked-life companies in the UK, went to the centre of Bournemouth four years ago and now has 1,100 staff there. Gresham Life chose a site on the edge of Bournemouth, adjoining Poole, moving everyone from London and has been joined by AMEV Life.

Abbey in particular has found that its growth in the 1970s has resulted in it now having to occupy three buildings and further growth could cause more accommodation problems. Similar growth problems impinge on Barclays International in Poole.

Despite this influx the town can still absorb more offices in certain locations. There is adequate accommodation available, especially at Poole, and the labour market has by no means been fully absorbed.

Despite the growth in financial activities, holidaymaking in its broadest sense—from sandcastles to yachting—remains the predominant industry of the area and all three councils are developing their leisure facilities, and attempting to lengthen the season. There is also a thriving light industrial sector, especially in Poole, with the famous pottery that carries the town's name, and some engineering.

But the influx of the financial firms has spread the towns' prosperity and lessened the dependence on an industry that is still heavily geared to the summer months.

A long-awaited debut at Ascot

RACING
BY DOMINIC WIGAN

RACEGOERS AT Ascot this afternoon look set to enjoy some highly informative sport for, in addition to the Duke of Edinburgh Stakes which sees the racecourse debut of Hamdan al-Maktoum's 625,000 guineas yearling purchase, Ghadeer, Heighlin is again on trial.

If the last-named proves capable of defying 10 stone 3 lbs in the Wyndham Stakes, there is little doubt that he will be vying for favouritism with Al Kuwait at the head of the Tote Cesarewitch market. Richard Fox's mount, the winner of five of his last six races, has already shown his appreciation for the course, but I somehow doubt whether he will prove capable of conceding 35 lbs to Crispin.

A tough and resolute Welsh Pageant colt, Crispin has proved every bit as reliable as Heighlin this season, and it was unfortunate, to say the least, for the bay's connections that Piggott made little effort to keep Crispin on a true line when the pair were disqualified at Windsor in the summer. Last time out the Arundel colt again failed narrowly to pick up a useful prize: going down by a neck to Flying Officer, to whom he was trying to concede 25 lbs in Redcar's mile and six furlongs Whitby Handicap.

Although Crispin's sire was a miler pure and simple his dame, the Lingfield Oaks trial winner, Syrona, is a stoutly bred Salvo mare, who has clearly passed on notable staying powers to Crispin. I have little doubt that he will get this afternoon's two-mile trip as well as any. He is a reasonably confident selection.

Although Ghadeer, trained by Harry Thomson Jones, has pleased his handler of late, my best news in the listed Duke of Edinburgh Stakes concerns another Newmarket challenger, Spectacular Sky.

In the James Lane Handicap 35 minutes later Braughing can score for last year's successful trainer, Clive Brittain; while in the Marlborough House Stakes, there would be no more popular winner than the Herbert Blagrave owned and trained Roundway Mill.

ASCOT
2.00—Crispin ***
2.30—Spectacular Sky
3.05—Braughing *
3.40—Roundway Mill **
4.10—Remouleur
4.40—Chrysippos

TV/Radio

BBC 1

† Indicates programme in black and white

9.05 am For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.25 pm Golf: Suntory World Matchplay Championship from Wentworth. 12.45 News. 1.00 Pebble Mill at One. 1.45 See-saw. 2.02 For Schools, Colleges. 3.00 Racing from Ascot. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Yogi Bear. 4.25 Jackanory. 4.40 Heyyy, It's the King. 4.50 Crackerjack. 5.35 Paddington.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 It's a Knockout (International Final).
8.20 Terry and June.
8.50 Points of View.
9.00 News.
9.25 Show Jumping from Wembley.
10.45 Out of Town (London and South-East only).
11.15 News Headlines.
11.20 The Late Film: "Rebel Without A Cause," starring James Dean.

All Regions as BBC 1 except as follows:—

BBC Cymru/Wales—1.45-2.00 pm Cath Drwy'r Siop. 2.02-2.22 I Ysgolion. Hwnt Ac Yma. 4.40-5.05 Screen Test. 5.05-5.35 Teliffant. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.25 Prydain Fechan. 7.55-8.20 Angels. 10.45 Week In Week Out. 11.35 News for Wales. †11.36-12.38 am Festival of Welsh Films: "Girdle Of Gold," starring Meredith Edwards and Esmond Knight.

Scotland—11.00-11.20 am For Schools. 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.45 The Beechgrove Garden. 11.15-11.20 News for Scotland, National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.45 The Picture in Question. 11.15-11.20 News for Northern Ireland, National News. 1.15 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth). 10.45-11.15 pm East (Norwich): Weekend; Midlands (Birmingham) Trees For All Seasons; North (Leeds) Our Northern Economy; North-East (Newcastle) Coast to Coast; North-West (Manchester) Cousin Phillis by Mrs. Gaskell; South (Southampton) "We'll Meet Again . . ." (Dame Vera Lynn talks to Steve Race); South-West (Plymouth) According to Hoyle; West (Bristol) Public Life—At the Conferences.

BBC 2

6.40-7.30 am Open University.
9.30 Conservative Party Conference.
11.00 Play School (as BBC1 at 3.55 pm).
11.25-12.00 and 2.25 pm Conservative Party Conference.
3.30 Golf: Suntory World Matchplay Championship.
4.60-6.30 Open University.
6.55 Gardeners' World.
7.20 Mid-evening News.
7.30 The Police in the East.
8.25 Newsweek.
9.00 Escape.
9.50 Golf highlights.
10.20 Rock Week Concert.
10.50 Newsnight.
11.45 Friday Night . . . Saturday Morning with Tim Rice.

LONDON

9.30 am Schools Programmes. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time: 12.30 Home Made for the Home. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 For Maddie With Love. 2.00 Houseparty. 2.25 The Conservative Party Conference. 3.45 Father Dear Father. 4.15 The Danedyke Mystery. 4.45 Animals in Action. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Bruce Forsyth's Play Your Cards Right.
7.30 Survival Special.
8.30 Holding the Fort.
9.00 The Gentle Touch.
10.00 News.
10.30 Benson.
11.00 Seven Ages.
11.45 Side Street.
12.40 am Close: Personal Choice with Barbara Cartland.

All IBA Regions as London except at the following times:—

ANGLIA

1.20 pm Anglia News. 3.45 The Electric Theatre Show. 6.00 About Anglia. 10.30 7 Days. 11.00 Soap. †11.30 Friday Late Film: "Woman Without a Face," starring James Garnor, Jean Simmons and Suzanne Pleshette. 1.15 am At the End of the Day.

ATV

1.20 pm ATV News. 3.45 Stars On Ice. 5.15 Diff'rent Strokes. 6.00 ATV Today. 10.30 WKRP In Cincinnati. 11.00 ATV News. 11.05 The Best of British: "Gumshoe," starring Albert Finney, Frank Finlay and Billie Whitelaw.

BORDER

1.20 pm Border News. 3.45 Stars on Ice. 5.15 Diff'rent Strokes. 6.00 Lookaround Friday. 6.30 Border Disco Championship. 10.30 Wintersport. 11.00 Late Film: "Gone to Ground," starring Charles Tingwell. 12.20 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 3.45 Stars On Ice. 6.00 Channel Report. 6.30 What's On Where. 6.35 Encore. 10.28 Channel Late News. 10.38 Talk of the Town (Sherborne). 11.05 TV Movie Premiere: "Mister Kingstreet's War." 12.40 News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 3.45 Wild, Wild, World of Animals. 6.00 North Tonight including Sportscall. 10.30 Reflections. 10.35 Feature Film: "Two Mules For Sister Sarah," starring Clint Eastwood and Shirley MacLaine. 12.30 am North Headlines and Road Report.

GRANADA

1.20 pm Granada Reports. 3.45 Stars on Ice. 5.15 Mr. and Mrs. 6.00 Granada Reports. 6.30 Kick Off. 10.30 A Week on Friday. 11.00 Soap. 11.30 The Continental: Catherine Deneuvre in "Benjamin."

HTV

1.20 pm HTV News. 3.45 George Hamilton IV. 5.15 Mork and Mindy. 6.00 Report West. 6.30 WKRP in Cincinatti. 10.28 HTV News. 10.35 Report Extra. 11.05 Benson. 11.35 Doctor's Private Lives.

HTV CYMRU/WALES—As HTV West except for: 9.35-9.50 am Am Gymru. 12.00-12.10 pm Ffalabalam. 4.15 Gaef Ar Y Groesffordd. 4.45 Clapperboard. 5.15-5.45 The Muppet Show. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.05 Outlook.

SCOTTISH

1.20 pm News and Road and Weather. 3.45 Call It Macaroni. 5.15 Mork and Mindy. 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Hear Here. 10.30 Open to Question. 11.00 Late Call. 11.10 Night for the Screamish.

SOUTHERN

1.20 pm Southern News. 3.45 Electric Theatre Show. 5.15 Mr. and Mrs. 6.00 Day by Day. 6.00 Scene South East (South East Area only). 6.30 Out of Town. 10.35 Southern Report. 11.35 Benson. 12.05 am Continental Showcase: "Who Are You?" starring Maurice Ronet.

TYNE TEES

9.20 am *The Good Word, followed* by North East News. 1.20 pm North East News and Lookaround. 3.45 Wild, Wild World of Animals. 5.15 Happy Days. 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life. 10.30 North East News. 10.32 Film of the Week: "The Beguiled," starring Clint Eastwood. 12.30 am Countryside Christian.

ULSTER

1.20 pm Lunchtime. 3.45 The Adventures of Sir Edmund Hilary. 4.13 Ulster News. 5.15 Happy Days. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 10.30 Witness. 10.35 Sportscast. 11.05 The Friday Film: "To Kill the King." 12.25 am Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 3.45 Stars on Ice. 6.00 Westward Diary. 10.32 Westward Late News. 10.38 Talk of the Town. 11.05 TV Movie Premiere: "Mister Kingstreet's War." 12.40 am Faith for Life. 12.45 West Country Weather, Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 3.45 Stars On Ice. 5.15 Against the Wind. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport. 10.30 Soap. 11.00 The Friday Night Film: "The Violent Ones," starring David *Carradine, Tommy Sands and Aldo Ray.*

RADIO 1

(S) Stereophonic broadcast

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.32 Simon Bates with The Golden Hour—Part 1: 1965. 10.32 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Simon Bates with The Golden Hour—Part 2. 3.32 Peter Powell. 5.30 Newsbeat. 5.45 Roundtable. 7.31 Anne Nightingale. 10.02-12.00 The Friday Rock Show (S).

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S). 7.32 Terry Wogan (S). 10.06 Jimmy Young (S). 12.06 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 6.03 John Dunn (S). 8.02 Victor Silvester Jr at the Radio 2 Ballroom (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Keep It Maclean. 10.30 The Organist Entertains. 11.02 Sports Desk. 11.05 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Offenbach (S). 10.00 Two Mozart Sonatas. 10.30 Music for Brass (S). 11.15 *A Piano and* Clarinet recital (S). 12.10 pm Walton, Britten and Elgar concert, Part 1 (S). 1.00 News. 1.05 Concert, part 2 (S). 2.00 Comparing Notes (S). 3.00 French Song recital (S). 3.30 The English Concert, part 1 (S). 4.15 Interval Reading. 4.20 Concert, part 2 (S). 4.55 News. 5.00 Mainly for Pleasure (S) (‡ and mono only from 6.20). 6.55 Play It Again. 7.00 Mahler: "Das Klagende Lied," a performance of parts 2 and 3 (S). 7.45 One Pair of Ears. 8.00 "An Island in the Moon," by William Blake (S). 9.00 Bernard Roberts piano recital (S). 10.00 Exile and the Kingdom. 10.45 The Complete Webern (S). 11.00 News. 11.05-11.15 The Comedy Harmonists.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 8.45 Loosely Engaged. 9.00 News. 9.05 Desert Island Discs. 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Who's Afraid of the Big Bad Word ?—the change in attitude to obscene literature. 11.50 Natural Selection. 12.00 News. 12.02 pm You and Yours. 12.27 The Senior Partner. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. *2.00 News. 2.02 Women's Hour.* 3.00 News. 3.02 Afternoon Theatre (S). 4.05 In My Young Days, . . . 4.15 Alternative Medicine. 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions ? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.40 The Archive Auction. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music On The Move. 7.03 Black Londoners. 8.00 The Hitler Years. 8.30-5.00 am Join Radio 2.

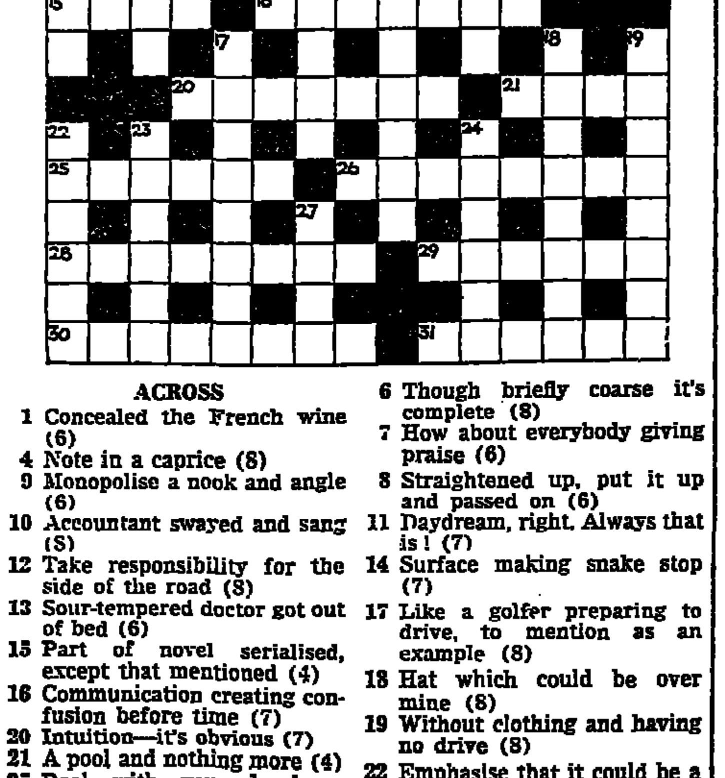
London Broadcasting

6.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 12.30 am Decision Makers. 1.00 am Night Extra. 4.00 London Rules. 4.30 City Week. 5.00 Morning Music.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Mike Allen (S). 12.00 Graham Dene (S). 1.00 pm London *Today* (S). 1.10 *Graham Dene* (continued). 3.00 Roger Scott (S). 7.00 London Tonight (S). 9.00 "Chains" with Nicky Horne (S). 11.00 The Best Disco in Town (S). 12.00 After Midnight (S).

F.T. CROSSWORD PUZZLE No. 4,396



ACROSS

1 Concealed the French wine (6)
4 Note in a caprice (8)
9 Monopolise a nook and angle (6)
10 Accountant swayed and sang (8)
12 Take responsibility for the side of the road (8)
13 Sour-tempered doctor got out of bed (6)
15 Part of novel serialised, except that mentioned (4)
16 Communication creating confusion before time (7)
20 Intuition—it's obvious (7)
21 A pool and nothing more (4)
25 Deal with your head in negotiation (6)
26 Struggle awkwardly with fish (8)
28 Without nurse or stretcher (8)
29 Soldiers yield and withdraw (6)
30 Cloth worker and police officer (8)
31 Sergeant Major supplies weapons and is unctuous (6)

DOWN

1 Movement in dancing and close marching (8)
2 Reptile tries too, irregularly (8)
3 Want the French to heckle (6)
5 Not counterfeit foreign currency (4)
6 Though briefly coarse it's complete (8)
7 How about everybody giving praise (6)
8 Straightened up, put it up and passed on (6)
11 Daydream, right. Always that is! (7)
14 Surface making snake stop (7)
17 Like a golfer preparing to drive, to mention as an example (8)
18 Hat which could be over mine (8)
19 Without clothing and having no drive (8)
22 Emphasise that it could be a strain (6)
23 One who plants a dog (6)
24 Employ mother outside gallery (6)
27 Intend to be just average (4)

Solution to Puzzle No. 4,395

CHICHI DISCOVER
O M A A N O O I
LAPWING CAROTID
D O L A E N E D
FIST SPENT FORCE
E T S E S L N
EQUITY HERONRY
T R O D D W E T
MEANDER BENDER
S Y C T R D I
WELLBEATEN PUMP
I I R D M F S L
PEWTOOE MILITIA
E E K N Y A E N
SORRENTO SPARSE

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S 836 3161. CC 240 5258. ENGLISH NATIONAL OPERA Tonight & Wed 7.30: La Belle Helene. Tomor & Tues 7.00: Cosi fan tutte. Thurs 7.00: Arabella. 104 balcony seats avail from 10 am on day of perf.

COVENT GARDEN. 240 1066. 'S'. (Gardencharge CC 836 6903). THE ROYAL BALLET. Tomor, Mon, Wed ...

THEATRES

PICCADILLY. S. 437 4506. CC bookings 379 6565. Mon.-Thurs. 8. Fri. & Sat 6 and 8.40. Stalls from £2.90 ROYAL SHAKESPEARE COMPANY in Willy Russell's new comedy EDUCATING RITA RSC also at Aldwych Warehouse.

PRINCE EDWARD. CC. 01-437 6877. Evgs 8.00. Mats. Thurs. and Sat. 3.00. EVITA by Tim Rice and Andrew Lloyd-Webber. Directed by Harold Prince. Group sales box office 379 6061. Seats available for matinee performances.

PRINCE OF WALES THEATRE. 930 8681 ...

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Eves. 7.30. Mat. Wed. and Sat. 2.45. ANNIE. Grp. sales Box office 379 6061. Now booking through Christmas.

WAREHOUSE. Donmar Theatre. Covent Garden. Box Office 836 6808. ROYAL SHAKESPEARE COMPANY. Seats available Ton't. Tomor 7.30 premiere David Mercer's last play NO LIMITS TO LOVE. All seats £3.50. Students £2.00 in adv.

WESTMINSTER THEATRE. 01-834 0283. HUGH MANNING as C. S. Lewis in SONG OF THE LION. Eves. 7.45 pm. Must end Oct. 18.

THEATRES

WESTMINSTER. S. CC. 01-834 0283. MATS. ONLY. Mon.-Fri. 2.00. Sat. 2.30. MR. WILBERFORCE MP by ALAN THORNHILL.

WHITEHALL THEATRE. 01-930 7765. CC. Paul Raymond presents FIONA RICHMOND and a *Bedful of Beauties* in WOT NO PYJAMAS. Evgs. 8.30. Fri. Sat. 6.15 and 8.30.

WINDMILL. CC. 01-437 6312. Twice nightly at 8.00 and 10.00. Suns. 6.00 and 8.00. Paul Raymond presents RIP OFF! Hotter than ever for 1980. ...

CINEMAS

ART GALLERIES

MARLBOROUGH. 6. Albemarle St. W1. R. B. KITAJ Pastels & Drawings. Until Nov. 7. Mon.-Fri. 10-5.30. Sat. 10-12.30.

MATHAF GALLERY. 24. Motcomb Street. London, SW1. 235 0010. Specialists in 19th C. and Contemporary paintings of ARABIA.

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Hazardous season for salerooms

BY ANTONY THORNCROFT

THE announcement that Christie's will auction in December a manuscript written by Leonardo da Vinci which is quite likely to set a saleroom record for any work of art, with a price in excess of £5m, is just the kind of story the public has come to expect to read about Christie's or its arch rival Sotheby's.

But the Leonardo sale is quite outside the usual routine of the London auction houses, which have just started the new season with a series of modest sales. Well over 80 per cent of all lots sold in the four major salerooms — Sotheby's, Christie's, Phillip's and Bonham's—go for less than £500.

As well as providing excellent publicity, a sale like the Leonardo does wonders for profits. In such a case the saleroom would not expect its usual 10 per cent commission from the vendor, but the buyer will have to pay an additional 10 per cent on the hammer price.

It is such revenue which should help Christie's through what threatens to be a difficult year in the UK antiques market. It also proves to the international art world that the two major salerooms can dispose of the greatest treasures—a lesson which seems to have got home in the last year.

The two majors take conflicting views of the season's prospects. Mr. John Floyd, chairman of Christie's, says: "I don't believe that a very severe recession will not affect our market eventually. There is an argument that in difficult times people turn to works of art as a hedge but we can already see more selective buying at the lower price levels." In contrast, Mr. Peregrine Pollen, the joint managing director of Sotheby's, says: "I'm optimistic because I don't think the art market is affected by the economic situation. Our problem is that our costs are rising too much." He detected a falling away of demand in the spring, especially at the middle price level, but he saw confidence returning in July.

Considering that the rise in sterling in the past year has made London much more expensive for foreign dealers and collectors, who account for roughly a third of all lots sold at Sotheby's and Christie's and perhaps bought even more, last season could have been much worse.

The main immediate threat to the salerooms comes from the signs of slacker trade among the domestic dealers, who at some auctions buy up to 70 per cent of the lots. With unsold stock they are reluctant to buy marginal items and some are offloading goods, especially furniture, pictures and stamps, back through the salerooms. Since they were often originally acquired there, and now lack freshness, their reappearance has contributed to the rise in unsold lots. To date, however, the first sales of the new season have been mildly encouraging. Mr. Christopher Weston, chairman of Phillips, says last month was above expectations, but he admits to having forecast a lower turnover than in September 1979.

The salerooms make their profit by charging both sellers and buyers 10 per cent of the hammer price. If their revenue is going to decline because prices fall in some areas and more lots go unsold, the salerooms intend to try to maintain profits by cutting costs.

Bonham's, which has been hardest hit because it concentrates on goods at the lower and medium price levels, has made economies in the major cost area—staff. It has cut back from 103 to about 80 and has closed peripheral departments, such as textiles, which were basically offered as a service to clients.

Phillips is freezing its rebuilding programme, slicing the advertising budget, and seeking economies in catalogues and postage. Sotheby's is reluctant to replace personnel: it has saved considerable sums by changing its monthly Preview magazine, and is also reviewing its advertising. It's a similar story at Christie's.

This is why securing important collections and building up business in the U.S. is so vital for profitability. In the last 12 months Sotheby's has sold in New York a Picasso for $3m, a record for any 20th century painting; a painting by Frederic Church for $2.5m, doubling the previous auction best for a work by an American artist; and Turner's Juliet and her Nurse for $6.4m, the record for any work of art at auction.

In London a rediscovered Old Master painting by Bouts went for £1.7m.

In May, Christie's sold an early Rubens to the National Gallery for £2.3m.

Terry Kirk

Mr. Peregrine Pollen of Sotheby's: costs rising too much

Inflation factor

The main factor in establishing new record prices for works of art is, of course, inflation. But the frequency with which important paintings exceed their reserves at auction has not been lost on potential vendors.

This is particularly true in New York, which rivals London as an international art centre. It exceeds London in the value of goods sold at auction, but not yet in the expertise and breadth of experience of its salerooms and dealers.

Sotheby's acquired Parke Bernet, the leading New York auction house in 1965 when its annual sales were less than $11m. Last season in New York Sotheby's achieved a turnover of $244.6m, comfortably in excess of its British sales of £98m. This month it has opened its third auction house in New York.

Christie's, after some hesitation, followed its great rival to the U.S. In the 1979-80 season its two salerooms in New York managed to double their turnover to $113m.

Phillips, the third in size of the British auction houses, is also building up its trans-Atlantic links. It has invested $4m in refurbishing its main auction room there, and gained $12.9m in sales in New York from a total turnover of £33.9m in 1979-80.

The London salerooms have made a tremendous impact in the U.S. Traditionally the auctioneer has been looked on there as something of a fair-ground huckster. The sophistication of the British model has much impressed Americans, who are taking antiques, which might have been sold through dealers, to the salerooms.

Since Christie's opened in New York four years ago, offering top-line competition to Sotheby's, business has grown rapidly. In addition, the London salerooms have expanded in New York when many of the collections formed in the late 19th and early 20th centuries by the great industrial magnates are re-appearing on the market after the death of aged widows or the children of the entrepreneurial tycoons.

More recent collectors have also taken advantage of the improved opportunities to sell important works of art, encouraged by the fact that the U.S. tax advantages in giving collections to museums are now smaller.

The new-found strength of New York was underlined in May when in one week Christie's sold 10 Impressionist and modern paintings from the collection of Henry Ford II for $18.4m establishing auction records for Van Gogh, Cezanne, Gauguin, Degas, Modigliani and Boudin.

At the same time, Sotheby's was disposing of 41 paintings, the property of Bernice Chrysler Garbisch, the daughter of the founder of Chrysler Motors, for $14.8m, including the record-breaking $3m Picasso.

On the strength of the results, Sotheby's was asked to sell works from the collection of the late Andre Meyer, a partner in Lazard Freres. They go under the hammer on October 22, and since they include a Rembrandt (fully authenticated works by Rembrandt are rare), a Picasso and Van Gogh, the initial estimate of $10m for the collection is modest.

They are the kind of paintings that once would have been sold in London. But the potential buyers—Japanese, South American, German, Swiss, as well as the American museums—are quite prepared to go to New York.

Operating in New York has its hazards. Mr. Weston, of Phillips, points to printing costs, a major expense for salerooms and four times higher in New York than London. There is also the substantial initial investment in buildings—Sotheby's has spent $15m setting up its New York Avenue saleroom.

Running costs generally are greater in New York. Now that the British salerooms are attacking the middle and lower ends of the art market, the profit on lots selling for under $1,000, which require almost as much documentation and catalogue expertise as lots that sell for $1m, can be tiny.

Even the major sales are not the gold mines they look on the surface. Competition to secure important collections is so intense that Sotheby's and Christie's are forced to reduce their commission to the vendor, or even drop it all together, and to rely on the 10 per cent buyer's premium for their revenue. For one large collection sold in New York this year, the auctioneer was prepared to give the vendor 102 per cent of the net total, making do with just an 8 per cent margin.

Until April, the UK salerooms were barely touched by the recession. But then they began to notice a rise in unsold lots and a falling away of demand, especially in the middle price range—from £2,000 to £10,000.

While Sotheby's reported sales for the 1979-80 season up 33 per cent world wide to £241.8m, in the UK the gain was less than half that, and the main room in Bond Street failed to show any appreciable increase. Christie's did better; world sales were 40 per cent higher at £153.4m, and British turnover up from £66.9m to £82.67m.

But Phillips' 12.3 per cent gain owed a great deal to the American performance and Bonham's, which has no overseas auction houses, managed only a 6 per cent rise in sales to £9.2m.

Little profit

To some extent the salerooms are victims of their own promotional success. When Christie's collects £230,000 from the National Gallery for selling it the Rubens for £2.3m, and also a (much smaller) fee from the vendor, a Continental collector, it looks to be handsomely rewarded. But most of the lots passing through the auction houses produce little profit.

By opening up new salerooms in provincial centres, like Chester in May, Sotheby's may well add an extra £3m in annual turnover but, it will be some time before it recoups its £2m investment in the building.

The case brought by the dealers against Sotheby's and Christie's, accusing them of unfair trading practices in introducing the 10 per cent buyer's premium, awaits resolution in courts some time in the autumn of 1981. It still poisons the relationship between the two halves of the British antiques market, but the salerooms are already talking of another rise in their commission.

This may be avoided only if the U.S. and the other international salerooms established by Sotheby's, Christie's and Phillips, continue to build up their turnover—and profits—and support their London headquarters through an unpredictable and potentially hazardous season.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

● RECYCLING

Makes the most of loads of rubbish

BY DEBORAH PICKERING

MILLIONS OF tons of trash worth cash in this country are either burned or buried in a hole in the ground, and millions of pounds are spent in transportation and disposal of the contents of the nation's dustbins.

Think of the energy costs for the production of paper, steel, glass and plastic products whose outer wrappers or containers all end up in the bin. . .

Now, the amount of energy that can be saved by recycling these materials is many times larger than that generated through incineration of refuse.

The Dutch have proved that there is money in the dustbin and that instead of being a liability to society, garbage can actually produce a bonus.

We are told that, in five years' time, there will be a worldwide shortage of paper amounting to something like 180m tonnes, and, in the Netherlands last week, the world's Press witnessed one country's determination to recapture hitherto squandered resources.

The world's first commercial resource recovery plant whose operations are based on air separation technology was opened last week at Wijster, The Netherlands, by the Dutch Prime Minister A. A. M. van Agt.

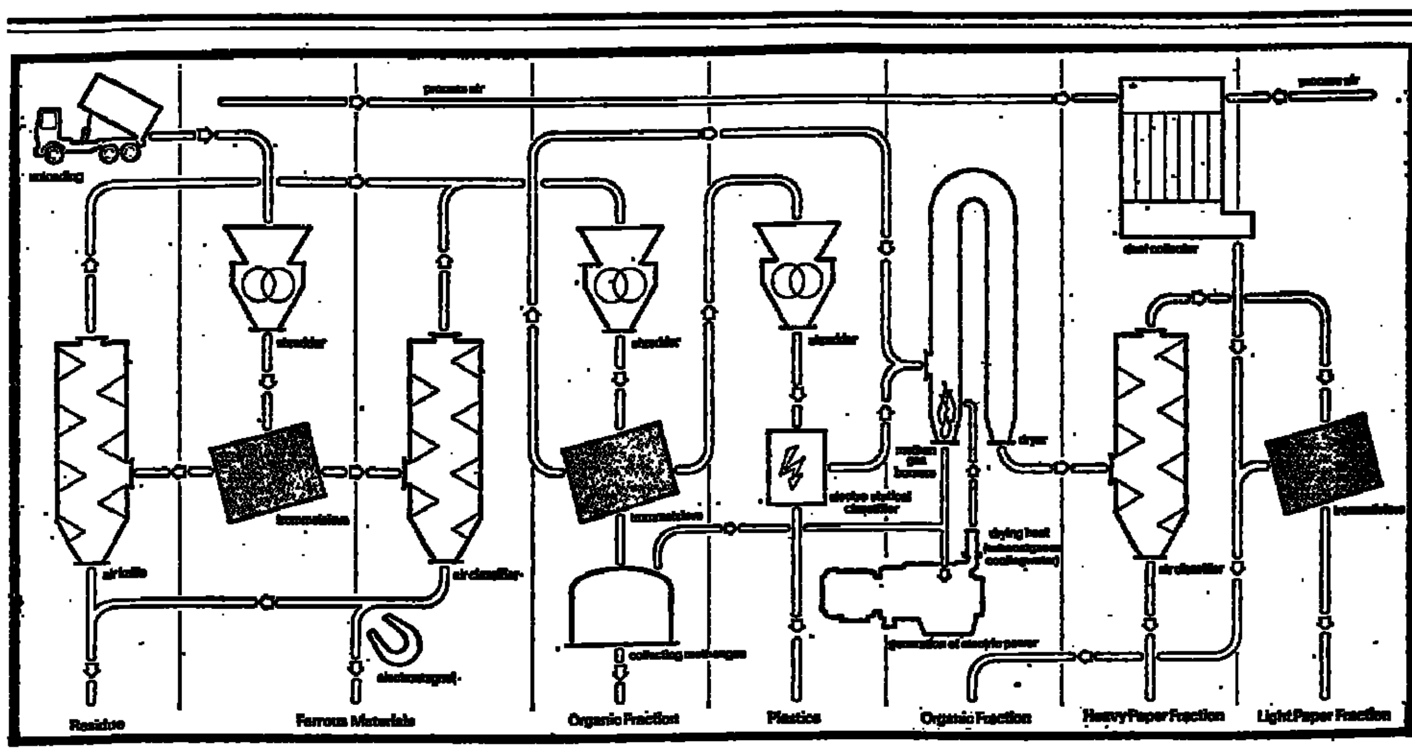
This will emphasise the recovery of paper, although the VAM (refuse handling company owned by the Dutch Government) plant will still produce compost for which it has been famous for over 50 years.

Wijster welcomes 800,000 tons of rubbish a year (one fifth of The Netherlands' total) which is transported here by train from 120 municipalities.

Since the Prime Minister pressed the button on the new installation, this depot will handle about 125,000 tonnes of waste a year—yet the whole place has an uncanny air of inactivity.

Hours before the arrival of the VIPs, brass bands and bouquets, the world's Press did a walkabout in this ghost-town installation.

Apart from the men who drive in the garbage-laden lorries and the man in the automatic baling shed, there's hardly a human to be seen. Only six men work here in three hour shifts on a five-day week—the entire operation is automatic.



Rubbish goes in at one end and recovered paper, plastics and metal emerge from the other

At VAM's plant, bacteria is killed by thermal shock in a system that starts with refuse being automatically fed into a flail mill.

The rubbish is shredded and then passes to a trommel screen (a circular drum which separates components, etc.), which evens out the flow of the material before it moves to a vertical air classifier to be divided into light and heavy fractions.

Heavy stuff passes over a magnetic separator which removes things like tin cans. The lighter fraction is pneumatically conducted to a secondary mill for fine shredding and on to another trommel screen which is divided into two separate stages.

Organic residue is first taken out, then the paper-rich fraction which is pneumatically carried to the flash dryer.

What remains from this trommel operation consists mainly of plastics and amounts to about two-thirds of the total plastics content of the waste.

The separated paper is processed in two zones in the flash dryer, made nearly 100 per cent dry and cleaned of any impurities in the first zone. It is then purified (98 per cent of bacteria killed) in the second zone.

This operation increases the storability of the product and permits its recycling in the paper industry. It also makes it easier to remove any plastic foil that may possibly be retained in the fraction by means of conventional equipment in paper mills.

Final treatment in the system comes with further cleaning of the paper fraction in a vertical air classifier and dust trommel in order to meet the paper industry's requirements for uniform composition of the recovered paper.

Two relatively uniform paper fractions result as end-products. First is a light grade of paper that consists mainly of newsprint, mechanical pulp, and thermomechanical pulp (TMP) with a mixture of tissue.

Second grade is heavier and made up of mostly kraft paper, corrugated board, bag paper and cardboard.

The plant at Wijster was developed by international air technology company, Swedish-based Flakt, which says that interest in the recovered material on the part of the paper industry has increased as work has progressed on its RRR system (triple R stands for resources recovery from refuse).

The two types of paper fractions have been tested in various paper industry laboratories and have also been run on paper machines within the industry.

The company also says that although paper mill equipment today is not wholly suitable for this recovered material, it is possible to sell the light paper fraction for use as a middle layer in cardboard, and the heavy fraction as an ingredient in wood fibreboard among other applications.

The system was developed to make it possible for society to re-use second hand materials one or more times, but its flexibility allows modifications to produce a clean product with high calorific value that is suitable for incineration.

A simplified RRR installation initially designed to produce incinerable material can later be expanded to a complete resource recovery facility, depending on market requirements.

The VAM plant shows that the largest part of our domestic waste comprises organic residue, paper and cardboard. This is followed by glass, plastics and ferrous metals (mainly tin cans).

One of the benefits of the Flakt system is that it reduces the volume of waste that has to be dumped or incinerated by about 85 per cent. More important are the energy savings—it takes twice as much energy to produce newsprint from virgin materials than from recovered paper.

Flakt says the primary objective of waste management is not to create a profit-making enterprise—what it aims to do is reduce the costs of handling municipal solid waste.

Resource recovery and recycling must, nevertheless, become more attractive as we can assume that repeated changes in the world economic climate—occasioned by the energy crisis—will continue.

This, coupled with the general appreciation of the fact that we can no longer squander our natural resources with impunity will result in waste increasingly being regarded as a bonus.

Flakt UK is at Staines House, 158, High Street, Staines, Middx. (0784 57221).

● IN THE OFFICE

Study of technology

THERE IS a growing feeling in the "new" office system industry that there may be some identifiable reasons why electronics is not gaining the grip that it should, particularly in areas like word processing.

There may be, according to Rank Xerox who have taken a look at this area, that some middle-level executives are a little afraid of what may become of their private secretaries, if for example, a "typing pool effect" results from the use of communicative word processing.

It is no surprise therefore to find that the National Computing Centre is undertaking a multi-client study to investigate the use of these technologies by managers and professional workers — as distinct from typists and clerical staff. The object is to steer clear of the purely clerical support function (which accounts for only about 21 per cent of total office costs according to NCC) and to look at the remaining 79 per cent.

NCC is at Oxford Road, Manchester, M1 7ED (061 228 6333).

● ENERGY

Tests on new battery

AN Associated Press message from New York indicates that the Lawrence Livermore National Laboratory in California has carried out successful test on a battery which is based on "a reaction involving air, aluminium plates and water."

It seems likely that the device is an aluminium-air hybrid fuel cell in which the aluminium plates are consumed and water is expended.

Such a cell is not charged in the normal sense and in this case replenishment of about six gallons of water would be needed after running for about 300 miles at 55 mph. The tested battery weighs 970 lbs and was used in a five-passenger car.

Cost of running such a vehicle with the battery would be the equivalent of paying about £1.50 for a gallon of petrol and, according to the U.S. report this "would be competitive with using synthetic fuels such as a petrol made from coal."

Sainsbury saves it

BY ELAINE WILLIAMS

THE FEAR of oil shortages and the rising cost of fuel has prompted many companies to look very closely at the way they are using energy.

Two of the main areas where savings can be made are in heating and lighting. At the National Energy Management Conference in Birmingham this week much attention was given to the use of microprocessors to control these systems in shops, offices and factories.

For example Sainsbury, the supermarket group, has installed a distributed computer system in one of its stores to control heating, ventilating and refrigeration.

Each part of the system can operate independently because the computer intelligence is distributed throughout the building. But each separate unit can communicate with a central control when necessary.

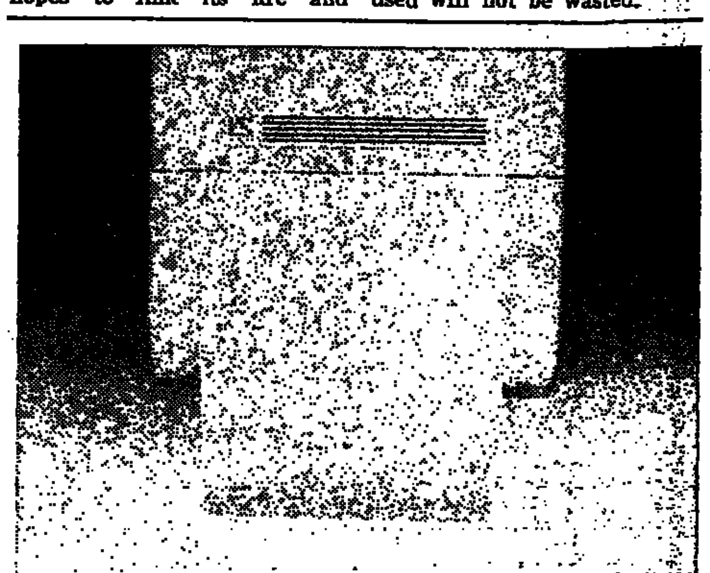
The controls are situated in areas such as the bakery, the meat preparation area and cold stores, as well as connected to normal lighting and heating systems.

Ultimately the company hopes to link its fire and security alarms into the system and to extend the monitoring functions to include pumps, dampers and to measure heating boiler efficiencies.

By the end of the year five stores will be equipped with the system and by 1985 more than 80 of its 279 supermarkets will be controlled by microprocessors.

By the simple expedient of replacing lamps with fewer, higher output bulbs of the same wattage for their supermarket lighting, Sainsbury saves £300,000 a year. Other measures such as the installation of heat recovery systems which recycle waste heat save a total of £1m a year.

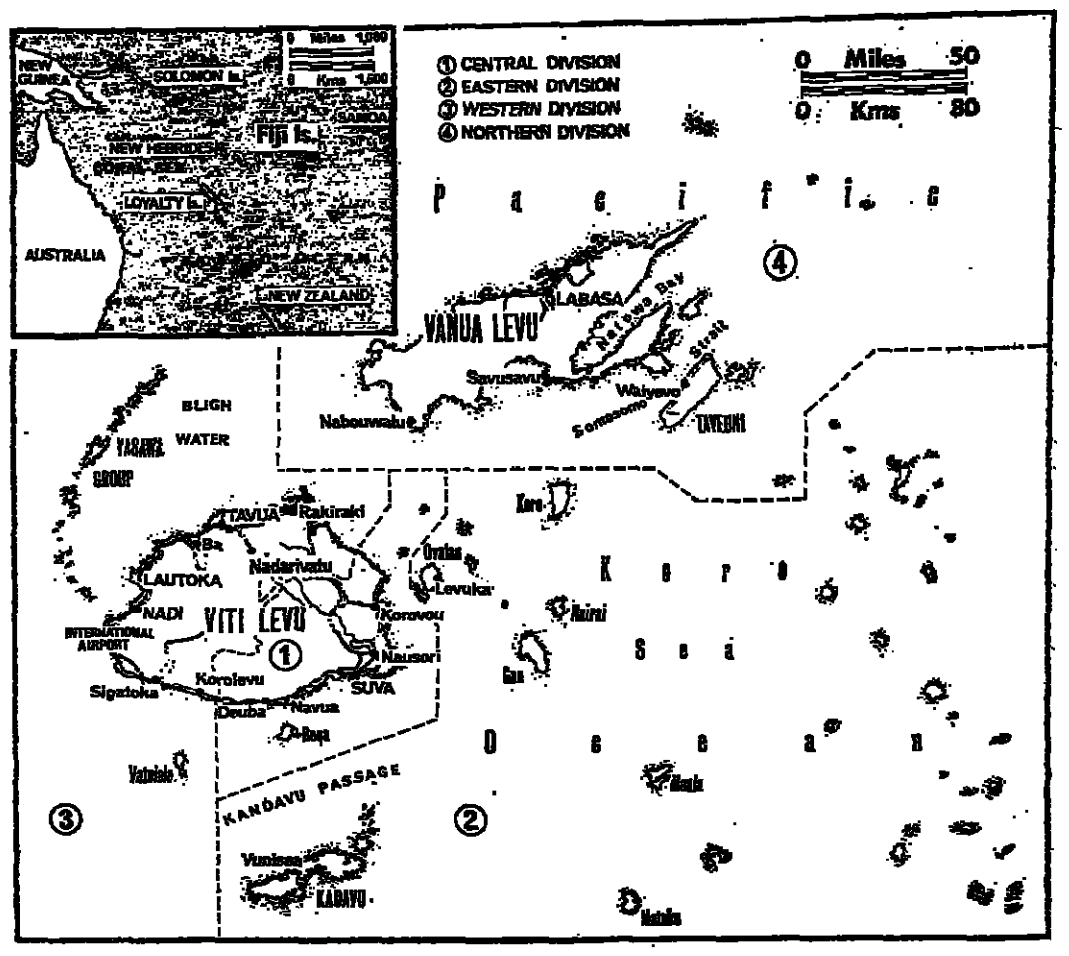
Heat which would normally be discharged into the atmosphere is used to provide hot water and central heating. Every year energy becomes more expensive. Last year Sainsbury spent £7m on refrigeration, lighting and heating. By 1985 they estimate that the cost could be as high as £20m. Microprocessor control will ensure that the energy used will not be wasted.



FINANCIAL TIMES SURVEY

Friday October 10 1980

FIJI



Although the 10 years since Fiji's independence from Britain have not been easy, the decade has been marked by real achievement. As a group, the islands enjoy a standard of living that is the most promising in the South Seas and the envy of most of the developing world. **JAMIE BUCHAN** reports.

Future looks far less certain

ON THE watery marches of Polynesia are the Fiji Islands—perhaps a thousand of them, basking in that interregnum between the decay of war and the advent of television. Their soil is rich and their people diverse, antagonistic, churchy and handsome.

The 10 years since Fiji's reluctant independence from Britain have not been easy, but the decade has been marked by real achievement. The future, in terms of both domestic politics and the dominion's role in the South Pacific, is much less certain.

The native Fijians are not easy to class, being a mixture of Melanesians, with their tendency to melancholy and drink, and Polynesians, whom R. L. Stevenson rightly called "God's best—at least, God's sweetest work." The Fijians are just outnumbered by citizens of Indian stock, first brought there to work in the sugar cane fields in a typically High Victorian fit of absent-minded greed.

The rest of the population are either of Chinese, European or mixed descent after 150 years of visitation by whalers, rogues, labour traffickers, beachcombers, mutineers and copra planters.

Religious beliefs range widely from Seventh Day Adventist to Sunni Muslim, but the predominant confessions are Hindu and Wesleyan Methodist. The strongest legacy is of the north country Methodist missionaries — obvious everywhere from the tiny weatherboard churches among the coconut palms to the long petticoats which Fijian girls still wear to church and on special occasions.

The Prime Minister, Ratu Sir Kamisese Mara, is a Roman Catholic.

From this diversity of backgrounds has come political stability and an economy that, for all its exposure to the vagaries of the world sugar price, the whim of tourists and the malice of typhoons, remains the most promising in the South Seas. The average annual growth, in real terms, since 1970, has been in the range of 5 per cent, the state school system has doubled at most levels and the health services (bequeathed by the British) have been largely maintained.

In the next ten years, very extensive planting of softwoods, particularly pine, will pay dividends, while a large hydro-electric scheme will help to reduce the growing oil bill.

Yet, there are disturbing signs. Neither pine forest nor hydro-electricity will provide direct benefit to the smaller and more remote islands, where cash incomes are a quarter of those in the main towns, where services are lacking and where the emigration of young people has become a serious problem.

Centralised

So centralised is the economy, that half the GDP is generated in a small rainy strip of River Valley behind the capital, Suva.

Unemployment is growing, and although population growth is under control, "our big problem is the kids already born," according to Mr. Charles Walker, the finance minister.

At the same time, much needed Chinese and Indian professionals are vanishing to Australia and the West coasts of Canada and the U.S.

A more severe problem is the future relationship between the two main races. Fiji's Indians are resentful that, for 10 years, they have had an unequal voice to match their preponderance in numbers and their economic weight. The Fijians of the ruling Alliance Party see little reason to alter a system inherited from the British which has as its prime function the protection of Fijians identity, particularly as enshrined in the communal ownership of land.

Fijians tend to look to their chiefs for guidance and there is no doubt that the authority of Ratu Mara has helped prevent mischief on the Fijian side, either from ancient chiefly rivalry or extreme nationalist fervour. But Ratu Mara has now decided that politics based solely on racial lines is both wasteful of the country's limited pool of skills and carries real risks should the present vulnerable prosperity vanish.

He has chosen in mid-term to propose that the constitution be changed to allow a Government of the two main parties, but the Fijians of his party have so far proved unenthusiastic, with many of the older figures unwilling to have anything to do with Indians in politics, with the more combative types insisting that the election is not yet lost.

The Indians of the National Federation Party are cautiously receptive to the idea of a Government of National Unity for they probably feel as strongly as the Fijians that they would find it hard to govern. As yet, nobody has a very clear idea of what form this Government would take, let alone whether it would prove acceptable.

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Wider role

Ratu Mara's authority, which may have shielded him from some aspects of Fiji life, has, nevertheless, brought the tiny and remote islands to the world's attention, whether peace-keeping among the bitter and embattled Palestinians or by providing a force to help monitor the transfer of power in Zimbabwe-Rhodesia. In this respect, a population of a mere 600,000 and a GDP of F$700m has not diminished Ratu Mara's sense of international responsibility (nor, for that matter, have the UN's slow payments to its peace-keepers).

Even so, Fiji now sees its economic and political future squarely within its own horizon, with its neighbours in Polynesia and, to a lesser extent, with Melanesia, Australia and New Zealand.

Fiji insists that its devotion to Britain and to the Crown remains unchanged. Indeed, though distance has abolished the UK's trading pre-eminence and a reduction in much of its aid, Fiji still tends to regard the vitally important aid and trade provisions of the Lomé II convention in terms of a British, rather than EEC, commitment.

Yet, Ratu Mara clearly regrets what he calls a British "loss of interest" in the region and was depressed by the dithering and squabbles of the metropolitan powers in New Hebrides.

Fiji pursues a terrier-like non-alignment policy which has little to do with the non-aligned movement that Ratu Mara has disliked since the death of Tito. Nor has he permitted the Soviet Union to open an embassy and he remains deeply suspicious of its intentions, even though Moscow's efforts to make friends in the region have, so far, been limited to a clumsy pass at the Tongans. China, however, is welcome and is seen as an important future market for timber and sugar.

"My African colleagues tell me the Chinese take no interest in local politics," Ratu Mara says.

Nuclear tests

Fiji does not seem over-keen to push the independence of New Caledonia or Tahiti and has made some effort to understand the alien language of the French overseas possession. The testing of nuclear devices on Morua in French Polynesia remains the block to comprehension.

"If the explosions are really harmless, what is wrong with *Corsica?*" he asks. "They now say they must have an empty zone, 20 kilometres on each side, and only Morua fits the bill. That explanation took five years to prepare," he says.

Equally, Fiji has let Japan know that the dumping of nuclear waste in the Pacific makes nonsense of Tokyo's proposal for a Pacific Basin Community and will be resisted to the limits of Fiji's meagre power. Behind these attitudes is the conviction that the last two decades of the century will see much greater economic interest in the South Pacific, particularly in sea bed and fish resources, and that the island states must co-operate to protect their interests.

Ratu Mara helped found the South Pacific Forum as a community of smaller island states in negotiating access for their goods in Australia and New Zealand under the Sparteca negotiations.

Fiji has made real progress in transforming an aid relationship into one more of commerce, although there remain squabbles (and some suspicion of the richer countries), concerning air rights and the loss-making airline and shipping line.

Yet the future does not belong to Ratu Mara, who, at 60, hints about retiring, or even necessarily to his Government of National Unity. Even so, there are not many people in Fiji who feel there is nothing to lose after 10 years of independence and who are ready to sacrifice the present prosperity.

FIJI II

Surface prosperity cloaks wide income variations

Economy

APART FROM the Co-operative Association there are only two businesses on Fiji's remote and curious island of Rotuma. Predictably, these are a weatherboard general store, owned by an Indian, and a liquor shop. The cash income of the island's 2,500-odd inhabitants is a mere F$233 per head—this is obtained almost entirely from exports of cut copra, despatched on the steamer that calls every six weeks from the main island of Viti Levu.

On the other hand, the islands as a group can claim a standard of living that would be the envy of the majority of the developing world. Gross Domestic Product per capita is F$1,202 or nearly half that of New Zealand. The health and schooling systems are extensive, at least in quantity. But per capita GDP is never a particularly helpful index of wealth in the Third World—and least of all in a far-flung island group.

The two chief contributions to GDP of rather more than F$700m last year were sugar and tourism, but these are very much limited in their benefits to the main island of Viti Levu. The smaller islands either depend on subsistence farming and fishing or a single cash crop, with all that entails. When copra prices collapsed earlier this year, the excellent small-aircraft services of Fiji Air to the A Lau group, could not be filled.

"We look good in terms of per capita GDP, but that is all," says Mr. Charles Walker, the Finance Minister. After all, Rotuma is so ill-integrated into the Fiji economy that it might as well be a separate country, able to borrow abroad at 1 per cent (like Samoa), rather than the 8 to 9 per cent that Fiji must pay to international loan institutions.

The Government's Central Planning Office cautiously supposes that in the 10 years since independence, real per capita income in the towns has risen by some 3.5 per cent, per year. But in the villages, where some 60 per cent of the native Fijians live, it has risen by only 0.3 per cent. These are disturbing figures, even though they take no account of the relatively good subsistence life on the small islands and in the countryside.

This disparity is but one of the reasons behind a serious drift from the countryside. A second factor would be the heavy investment in secondary education during the past 10 years which has "somewhat outstripped the economy," according to Mr. David Woodward of the Planning Office.

Some 50 junior secondary schools were built on the islands. Subsequently, school leavers, expecting better than subsistence living and dissatisfied with their traditional subordination to their elders and chiefs, have drifted into the towns.

Unemployment in Fiji is hard to define, but is recognised as "our major problem," according to Ratu Penaia Ganilau, the Deputy Prime Minister. On the basis of the 1976 census, just over 11 per cent of the 170,000 labour force was not able to find paid work and this level has probably risen.

Partly because of the centralising tendency of British colonial government, economic life is gathered into a small, wet strip of the Rewa Valley, between Suva and Nausori. This was an area of ferocious fighting in the 19th century, as the present high chiefs fought their way outwards from the 80-acre island of A Bau. Nowadays, the flat farmlands with their mangrove swamps and earth ringworks contain a quarter of the population—as well as half the unemployment, nearly half the GDP, and probably 75 per cent of the crime.

The effect of family planning in the 1960s is now being seen and population growth has dropped from 3.1 per cent to 1.8 per cent in the last 10 years. However, the work force will still grow by some 2 per cent in the next five years. These problems rob the planners of much of the optimism which the present prosperity might justify.

In the 10 years since independence Fiji has seen a real growth in GDP of some 5 per cent a year and, in 1980, could see growth at current prices of 12.8 per cent—almost entirely attributable to the bumper year for sugar. During the decade, the sugar industry has recovered from the withdrawal of the Australian milling company, CSR, while tourism has returned to its levels before the slump of 1973. A tuna canning factory which opened in Levuka in 1977, now provides Fiji's third largest export sector and has partially offset the decline in copra.

The period saw some diversification away from sugar, although the decline in GDP share of primary industries (from 44 to 34.9 per cent) was compensated only in a 12.5 per cent growth in private services (only a portion of it tourism).

Construction, heavily dependent on tourism, fell 4 per cent and is still falling while manufacturing, other than processing of resources, has grown by only 1.5 per cent. With the market for everything from soap to cigarettes being met by local manufacturers, the Planning Office sees no growth at all in this sector.

BASIC STATISTICS

Area	18,376 square miles
Population	612,000
GDP	F$793m (U.S.$937m)
Per capita	F$1,296 (U.S.$1,531)
Trade, 1979, in U.S.$m:	
Exports	241.0
Imports	412.0
Trade with UK, 1979, in £m:	
Exports	45,694
Imports	14,154
Foreign exchange reserves: (Second quarter 1980)	U.S.$124.9m
Inflation (first quarter 1980)	11.7 per cent
Exports, 1979, in U.S.$m:	
Sugar	149
Coconut oil	14
Re-exports	57
Currency: Fiji $	(£1 sterling= F$1.9050)

The grimmer side of this picture has been the expansion, during the past five years, in the government share of investment, from one-third to half: a budget deficit that in 1980 will total F$63m; an inflation rate, only a portion of it imported, estimated at 13 per cent this year: a yawning trade gap that is already at F$120m for the first of this year: and a debt service ratio that the Government thinks is uncomfortably high at 9 per cent.

The provisional forecast for this year's balance of payments is a current account deficit (net transfers) of F$18.4m, transformed into a capital account surplus of some F$50.2m by a massive influx of development aid.

"We are passing through a very 'lumpy' period of borrowing," says Mr. Alan Gee, the acting general manager of the Central Monetary Authority (CMA), the country's central bank in all but name. The major project is the Monasavu Hydro-Scheme, a vast dam in the central highlands of Viti Levu, for which some F$130m has so far been secured from the World Bank, the Asian Development Bank (ADB) and other sources. This could be saving some F$1.2m a month in oil imports by 1982.

Other major schemes include a F$53m dam to provide much needed water supplies in the dry areas of Nadi and Lautoka, largely by the Australian EFIC, and a F$11m expansion of Suva Port financed by the ADB.

In attempting to curb inflation, the Government is rather inhibited, both by the explosive effect on the money supply of the "cane pays" to farmers and the demands of an organised, and—in the case of the stevedores and mineworkers—a highly political labour force. The CMA has moved to dampen domestic lending by raising interest rates (to 9 per cent) and lifting the banks' reserve ratios.

The considerable personable authority of the Prime Minister, particularly among Fijians, has made a success of the Tripartitude Commission of Employers, Unions and the Government which he heads.

Since the formation of the commission in the mid-1970's there have been fewer man-hours lost; the Labour Minister, Ratu David Toganiliavy, claims industrial relations have settled down. Awards of 7 per cent and 10 per cent for the lower paid have, so far, been respected, although the rising inflation rate bodes ill for next year.

The next Five-Year Development Plan, the eighth, has yet to be approved by the cabinet, but its two main economic objectives are already known. First, it will seek to diversify the country's economic base away from sugar and, second, work for more equitable distribution of the benefits. The major thrust will be for processing of agricultural resources, chiefly pine, but also cocoa, ginger and citrus fruits. Together with the major capital investment projects, such as Monasavu, this will require continued high levels of public spending; the Government is seeking, within rather narrow political limits, to curb its consumption spending in such areas as schooling and health, which are, respectively, 80 per cent and 90 per cent Government-financed.

The most interesting feature of the new plan is that, for the first time, investment is to be allocated on regional lines. As the first steps in raising rural incomes and halting the drift to towns, the Government will identify rural communities with potential and promote building for roads and other infrastructure to support them. While this programme also requires heavy investment, it is hoped (not without reason) that earnings from sugar and pine should protect the island's financial position from real deterioration.

Land and race the key factors

Politics

RUPERT BROOKE'S letters from Suva are not very instructive reading but the poet did note what is still the most curious feature of Fiji. "It's so queer," he wrote, "seeing the thin, much-clothed, ancient, over-civilised, silver-bangled, subtle Indians and these jolly children of the earth working side by side."

Fiji shares with countries as diverse as Mauritius and Trinidad a large and ill-absorbed Indian population. These Indians, the descendants of Northern Indian and Madrassi indentured cane-cutters and Gujerati shopkeepers, actually exceed the native population in numbers and make up half of the islands' 600,000 inhabitants. They farm most of the cane and dominate retailing even in the smaller islands. Part-Europeans, Chinese and other minority communities make up the remainder, with a sprinkling of Pacific Islanders, notably the Banaban refugees from the phosphate scars of Ocean Island, who have bought the island of Rabi off Vanua Levu.

Even so, a complicated structure of laws has kept the native Fijians in political command and provided them with economic advantage to offset the greater business energy of the immigrants.

Politics remain a matter of race. There are few Indians in the ruling Alliance Party and next to no Fijians or other races in the National Federation Party (NFP). Even in the Labour movement divisions according to race are both common and predictable.

Members of both main parties insist that relations between the races are not as sour as the press or the bitter wrangles of Parliament would suggest. But intermarriage is so rare as to be remarkable. Religion is a great divider, with little intellectual contact between the Fijians, who are largely ferocious Wesleyans, and the mainly Hindu Indians. There are deep differences in outlook.

Although the two communities have influenced each other, the Indians still regard themselves as individual and competitive while the Fijians find comfort in a traditional hierarchy based on kinship and co-operation rather than material success. The gulf is only partly bridged by a common devotion to the English language and, equally important, to the British Crown.

At the heart of the difference is the attitude to land, which Fijians see not in terms of economic function but as the very embodiment of their society and culture. The first British Governor, Sir Arthur Gordon, banned sales of Fijian land because he feared that landless Fijians would be acutely vulnerable—might even become extinct like the Marquesas Islanders have since then. Some 83 per cent of the Fiji Islands is now inalienably Fijian land and is administered by kinship groups by the Native Lands Trust Board.

Resentful

One of the more eloquent of the younger chiefs, Ratu David Toganivalu, argues that the economic dominance of the Indians is balanced by the Fijians' land ownership. But Indians are increasingly resentful of the relatively short leases available to them—until 1976 these were a mere 10 years for farm land. "Indians look on the land problem as a challenge of their very existence," says the leader of the NFP, Mr. Jai Ram Reddy, a lawyer. Indians also dislike the legislation covering aid to Fijians—from unsecured loans to buy taxis to the 50/50 division of Government scholarships by race.

A rallying point for the Indians is the bitter memory of indenture, the stinking barrack lines in the canefields, the deportation of incapables, the violence of the Australian overseers and their own *Sirdars* — and all for a shilling a day, with docked wages and a beating for uncompleted tasks. Although there were strikes by Indians soon after the end of indenture in 1917, they were not to gain a political identity until the late 1950s with the foundation of the NFP among cane farmers to negotiate a better contract with the Australian milling monopoly.

The Fijians too have always been alive to the call of nationalism. Although Fiji escaped that most demoralising legacy of the Pacific War, the cargo cults of New Hebrides and New Guinea, there were certain elements of cargo in the Viti Company movement of Apolosi Navai in the 1915-25 period and they can be detected today in the curious community of Mr. Seirusi Nabogibogi at Selemi in eastern Viti Levu.

In the first of the two 1977 elections the Fiji Nationalist Party, led by Mr. Sakeasi Butadroke, campaigned for the repatriation of Indians and so split the Fijian that the NFP came out victorious. Mr. Butadroke, like Apolosi and Mr. Seirusi, saw the inside of a Fiji gaol.

Under the constitutional formula agreed in 1970 the House of Representatives consists of 22 seats to represent Fijians, 22 for Indians and a hefty eight for the mere 15,000 general electors. Each elector has four votes—one for his own communal candidate, whether Fijian, Indian or general elector, and one for each of the others. The Senate, which is appointed and includes eight members nominated from the Great Council of Chiefs, has power of veto over all matters relating to land.

This system clearly cuts down the Indian advantage in pure numbers, not least because the heavily over-represented general electors have tended to follow the Alliance. Yet even when the NFP was returned in early 1977 it was deeply divided over land reform and was unable to form a government. The Alliance leader, Ratu Sir Kamisese Mara, rejected a coalition and it was not until the autumn when the Fijians closed ranks and abandoned Mr. Butadroke, that the Alliance was able to form a government. Many claim this has been at the expense of a sharp "Fijian" shift in policy.

Politicians on both sides believe that the system is wasteful of talent, a spur to extremism and, because of "the racial pattern of voting" a mockery of the Westminster system the islands so admire. Mr. Reddy insists his party is only looking for longer leases on the land which will recognise the Indian commitment to the country—and that it accepts Fijian land ownership.

Commensurate

Last August Ratu Mara reversed his original position over coalition and proposed a government of national unity—the difference is not yet clear. "Can the country afford a mode of government where Indians do not possess a voice commensurate with their size, talents and commitment," he asked. Behind this concern is a real fear that should the Alliance lose the election in 1982 "the Fijians in opposition will reach the point of frustration much earlier (than the Indians)."

Although the NFP is receptive to the idea, the Alliance has proved markedly unenthusiastic—with Ratu Mara and Ratu David almost alone in their championing of it. Typically, many Fijians ascribe this to their Tongan and beachcomber blood and their education in England.

Ratu Mara, who often hints that he will retire, is clearly worried that the moderate policies he has forged in imitation of an England that now so disappoints him will vanish with his departure. His supporters speak of his *Mana* and the miraculous turtles that arrived when a starving village could not entertain him. But there must be doubt that he will be able to carry his party with him. The real danger is that all the loose talk of "Rivers of Blood" will one day prove a self-fulfilling prophecy.

Record harvest sweetens outlook

Sugar

FOR A poor country dependent on a single commodity for its well-being, Fiji now finds itself in a fortunate position. In the sugar-cane growing lands on the leeward coasts of the two main islands, the crush has been under way for four *months* and, despite a period of drought, the harvest of raw sugar should be a record 480,000 tons.

With the lifting, in February, of the International Sugar Organisation's export quotas and the conclusion last year of a favourable agreement with the EEC, Fiji will be able to export all the sugar it produces. The price is likely to remain high all year and Fiji should earn some F$190m from its sugar exports, against F$117m last year. Even if the ISO quotas are again imposed next year, the outlook remains bright, at least until 1982.

As the Nile is to Egypt, so is sugar to Fiji. Last year, exports of raw sugar from the Fiji Sugar Corporation's four ancient mills accounted for 70 per cent of the islands' exports.

With more than 19,000 cane farmers, 15,000 cane-cutters and nearly 4,000 mill-workers, the industry employs nearly a quarter of the working population. Sugar is also the cause of Fiji's major social problem: future relations between the native Fijians and the grand-children of the indentured Indian workers brought in to slave in the first plantations.

"Indenture," or *girmit*, began in May, 1879, when the Leonidas deposited 463 Indians, who had *survived* shipboard cholera, on the Levuka wharf. The British Colonial Office was passing through one of its bouts of stinginess, summed up the next year in Lord Derby's pronouncement: "We want no more black men."

Although Britain had reluctantly accepted Fiji as a colony in 1874, the Colonial Office had warned the first Governor, Sir Arthur Gordon, that Fiji had to pay its way.

Early experiments with cotton had not been successful and Gordon had seen sugar (and *Indians) work well in Mauritius.* But there was a serious labour shortage in Fiji and the High *Council of Chiefs* had opposed the employment of Fijians on the plantations, no doubt because they knew this would have broken down traditional relationships *(as it was later to* destroy caste).

Indenture seemed the lesser *of the evils* and an arrangement was made the following year with the Australian concern that was to dominate the industry, colonial sugar refining, (now known known simply as CSR). Between that date and 1917, when under pressure from Gandhi's movement in India, indenture was suspended, more than 60,000 Indians had been transported to the *cane* plantations.

Suspicion

At the end of indenture, labour once again became scarce and the plantations were divided into 8,000 smallholdings of around 10 acres for the Indians to lease. This has remained the unique pattern of the Fiji sugar industry. Colonial sugar operated a monopoly in milling from the 1920s onward, but in the late 1950s, Indian discontent at their low return and suspicion of the company erupted in a series of damaging strikes.

The Colonial Government ordered independent arbitration which was to culminate in a decision, by Lord Denning in 1970, that cane sale proceeds should be split 35:65 in the growers' favour and that they should receive a minimum of F$7.75 a ton. Sugar prices had been depressed since 1963 and, with little prospect of recovery, CSR opted to withdraw.

The company set up to *replace* CSR, the *Fiji* Sugar Corporation, was immediately faced with a slump in output. *Amid general uncertainty and* lacking competent field workers, Fiji sugar could hardly prevent the farmers cutting down on their planting. Output of raw sugar dropped from 340,000 tons in 1971 to 250,000 tons in 1976, and Fiji was in no position to profit from the six-fold rise in world prices that occurred in 1974-75.

Apart from a poor year in 1978, Fiji sugar has arrested this trend, thanks to major investment at the four mills at Lautoka, Ba and Penang on Viti Levu and Labasa on Vanua Levu and at new cane-growing areas. With the help of F$12m from the World Bank, 800 farmers *have been settled on* 40,000 acres of new land at Seaqaqa on Vanua Levu. "With the problems we had, *it* was a case of expansion just to keep still," says Mr. Rasheed Ali, the chief-executive of Fiji sugar.

The Lautoka mill, which was built before the turn of the century, has increased production from 220 tons at the withdrawal of CSR to 300 tons an hour. The Seaqaqa Scheme is a year behind *schedule,* partly because of a political decision to bring more Fijians into cane farming. However, after starting with leases for as little as three acres, many of the Fijian farmers are confounding Indian expectations and Seaqaqa is now producing 240,000 tons of cane a year for the Labasa mill. Last year, Fiji sugar invested F$ 22m in the industry.

Fiji's sugar industry is relatively efficient with an average ratio of cane to raw sugar of about 8 : 1, while the large number of small holdings seems more conducive to industrial peace than an alienated force of cane cutters. Even so, Fiji sugar ended up in the Supreme Court before a new 10-year contract for the growers (to replace the Denning Award) was accepted.

The share is now a basic 30 : 70. The so-called "cane pays *themselves* produce extra-ordinary seasonal distortions in the economy—a F$ 30m payment at the end of June forced the Central Monetary Authority to raise the banks' reserve ratios.

Under the Lomé agreement last year, which Fiji still sees in terms of Britain's commitment on entry to the EEC, the islands have guaranteed access for 174,000 tons of raw sugar at £220 a ton. This is all refined by Tate and Lyle in Britain and is over and above Fiji's quota of 211,000 tons before the suspension of the International Sugar Agreement.

For its main non-European sales, Fiji has long-term contracts with New Zealand *(60,000 tons), Malaysia* and Singapore (both 24,000 tons), with other sales to the U.S., *Canada* and Japan and a *highly* promising 30,000 tons for China.

Fiji regards the EEC commit*ment as indefinite.*

"If Fiji was dumped, we would be set back 10 years," says *Mr. Ali.* "*But we believe* Britain will honour its commitment to us." Fiji Sugar is also confident that the ISO will grant an increased quota of 300,000 tons. On this basis, Fiji is not intending to increase production above 500,000 tons.

However, even at this level, Fiji Sugar realises that the price of sugar is volatile (and, with it, the ISO quotas). Furthermore, European beet farmers could one day succeed in undermining the guaranteed access which Lomé grants for 1.2m tons of cane from the African-Caribbean-Pacific countries.

In a move to shore up this inevitably shaky position, Fiji has commissioned studies on *the production of fuel methanol* from cane, (which the government is treating as a priority), *and on the use of cane rind as* a construction material. A rum distillery is to open at Lautoka, later this year.

The sugar cane industry employs nearly a quarter of Fiji's working population. This year the harvest of raw sugar should be a record 480,000 tons

Subsistence farming rarely means empty bellies

Agriculture

ON THE island of Ovalau, coconuts rot where they fall for want of somebody to harvest them. The jungle spills down from the heights in a fierce *wet* abundance — a Fijian need merely clear a small strip to grow the roots (dalo, yams and *sweet potatoes) that will keep* his family fed.

In Fiji, subsistence farming rarely means empty *bellies.* Yet last year, the country managed to import some 60,000 tonnes of food, much of it rice for the predominantly Indian population, and ended with a trade deficit of $177m. Although agriculture (and food processing) continue to grow by over 2 per cent in their contribution to the Gross Domestic Product. this is largely because rising sugar production has masked the decline of other crops, particularly *copra.*

The Fiji Islands are divided into wet and dry zones according to their exposure to the trade wind. The inland hills of the wet zone are used for growing roots, pineapples and ginger and for pig keeping. In the intermediate areas, coconuts do well on the coast with babas, citrus fruits, coffee, cocoa and beef farming inland, while the dry coastal areas are given over to sugar cane. Tobacco has prospered in the Sigatoka Valley on Viti Levu.

As in so many Pacific islands, farming in Fiji is hindered by a communal system of land tenure which, while standing *at the heart of* the Fijians' notions of their identity and culture, "does not," in the *words of Mr. Josevata Kami*kamica, the general manager of the Native Land Trust Board, "fit *in very well with* the need for greater productivity and foreign exchange."

The main disadvantage of the *Mataqali* system (which means both the land and the kinship group, that owns it), is that there is no correlation between the amount of usable land and the number of cultivators or mouths to feed. At the same *time,* while *farm* leases are on a more realistic footing than 30 years ago, the largely *Indian farm tenants* lack real security and may be limited by the lease in gaining finance from the commercial banks and Fiji Development Bank (which lent F$5.8m to farming and fishing last year). Land often reverts to jungle when a lease expires.

The most hopeful sign, given that the system itself is sacrosanct, is the decision by the Trust Board, through its Native Land Development *Company, to cajole mataqali* into such commercial projects as the promising Seaqaqa *sugar scheme on Vaua Levu.* The Government is also looking to start a major rice *project. so far without great* success.

Main exports

Fiji's chief exports after sugar remain coconut oil and beche-de-mer — a kind of sea slug — along, with frozen and canned tuna from the Pafco factory set up by the Japanese at Levuka. They each earned the country F$11.5m last year but the Government is not expecting growth in the short term.

Output of copra declined *drastically last year from 26,000* tonnes to 21,000. The large plantations and subsistence growers are beset with problems, from the almost annual hurricanes to declining yields from trees planted before the copra slump of the 1930s and the Pacific War.

In the early months of this year the world price again collapsed and the Government has been obliged to draw heavily on a F$2m funds provided under *the Lomé Stabex scheme. Even* so, Copra now provides growers a return of as little as F$270 a *tonne and the Government is* concerned at heavy migration from the Lau group of islands *to Suva and its suburbs.*

Last year, too, the State fishing corporation, Ika saw its catch drop by half. It attributes this to be abnormally cold temperatures in the seas around Fiji, which affected the feeding patterns of the tuna.

The Government intends to invest in cold storage and better transport to permit subsistence fishermen (particularly in Lau) to export to the main island for cash. Commercially, experiments with aggregation devices and the adoption of the 200-mile economic zone would appear to *offer some hope*—although the South Pacific islands lack real means to protect their interests against the industrial fishing fleets of Taiwan, S. Korea and Japan.

In the five-year plan starting next year, Development Plan Eight, the Government is looking for export earnings from cocoa and beef cattle (both of which do well in the shade of coconut trees), coffee, citrus fruits and canned juices. Above *all, it expects major exports* of exotic softwoods to relieve the islands' dependence on the *fickle prices of sugar and copra.* "One day pine may offer a return comparable to cane," says Mr. Jonati Mavoa, the Agriculture Minister.

Hill country

Since the late 1950s Fiji has been planting Carribbean pine on what is called *Talasiga land* —that is, native land that is no good for anything else. Over 40,000 hectares of inland hill country *on Viti Levu is now* under pine, with new planting running at the rate of 4,000 hectares a year. The first returns are just coming in, with the experimental export of 30,000 tonnes of logs to Japan.

Returns next year are expected to be around F$2-3m but the Government hopes to multiply the volume of exports ten-fold by the end of the decade. It has turned its face away from log sales towards value-added products and employment, and the State Pine Commission is now studying proposals from four foreign companies for a processing industry likely to require investment of over F$120m. The signs are that the Government will opt for a chippings and pulp and paper industry suggested by M. K. Hunt of New Zealand.

Pine clearly holds out Fiji's best export hope, in addition to the valuable employment it already provides Fijians on the plantations.

Meantime, Fiji is also happy with the outcome of the Sparteca negotiations this year, *designed to open the markets of* New Zealand and Australia to South Pacific products. *Although Fiji has yet to reach* agreement with New Zealand because of Wellington's refusal to admit orange juice from a farm being developed at Batiri on Vanua Levu, the Government expects to sign the accord by early next year.

Important role in economic planning

Tourism

IN THE boisterous days of "blackbirding" and general roguery before the cession of Fiji to Britain in 1874, there used to be 52 hotels along the waterfront boardwalk in Levuka, the old capital. Now there is just one. In the damp gloom of the Grand Palace Hotel in Suva, the new capital, it is not tourists but flabby alcoholic traders who sprawl in the cane chairs under the whirring fans.

Yet it is because of Fiji's far-flung island geography and more mature economy that tourists are so little in evidence. This year there will be as many 200,000 visitors to Fiji, equal to a third of the islands' population. The newest resorts are located along the south coast of Fiji's main island, Viti Levu, or in the small Yasawa Islands to leeward, protected from most of the rain (but not the hurricanes).

Earnings

Gross receipts from tourism last year amounted to F$103m, making it is island's largest source of foreign exchange after sugar. The resorts and the country's main airline, Air Pacific, which the Fiji Government owns with Australia, New Zealand and four small island States, employ over 4,000. Because of growing unemployment and the deteriorating current account of the balance of payments, tourism is "an integral part of our economic planning," says Mr. Charles Walker, the Finance Minister.

Tourism in Fiji grew at an average annual rate of 23 per cent in the 1960s with the strong rise in personal incomes in Australia, the country which still provides some 40 per cent of the visitors. The airport the Americans had built at Nadi to fight the Japanese in the Soloman Islands offered a convenient stage in the growing cross-Pacific traffic and this was crucial in asserting Fiji's ascendancy over other Pacific islands of equal charm and more reliable weather.

Encouraged by favourable taxation rates and the Government's decision to offer duty-free shopping for tourists, entrepreneurs from Australia, New Zealand and North America invested heavily. They were trumped by Adna Khashoggi's F$10m Pacific Harbour on the south coast of Viti Levu. In 1973 the number of visitors had reached 181,000 before plummeting as the quadrupling of the world oil price wrought its havoc with air fares and the Australian economy.

Fiji's Minister of Tourism, Mr. Tomasi Vakatora, insists that the same will not happen now because of the doubling of the oil price in the course of 1979. Its more moderate growth rate of recent years—7 per cent last year—has helped the industry to diversify. A new Tokyo-Nadi-Auckland air route could bring some 10,000 Japanese to fill out the trough between the Australian school holidays in September and December-January. The outlook for the Australian economy is relatively clear while the more worrying state of New Zealand could favour short-haul tourism. The completion last year of a Hyatt Regency, abandoned in 1975, was a sign of confidence in Fiji by the tourist industry, Mr. Vakatora says.

There are, however, ominous signs. Nadi's role as a staging point has diminished as the flying range of airliners has increased and British Airways, Air India and UTA have recently pulled out. The withdrawal this year of American Airlines and Pan Am is only partly offset by the arrival of JAL. Air Pacific, in the words of one of its directors, "will have to go out and bring the tourists in." But a Boeing 737 wet-leased (aircraft and crew) from Air New Zealand, which will be followed by an outright purchase next year with Eximbank help will scarcely manage to cover Hawaii or even Sydney.

Nadi is to be resurfaced and the air stop for Suva provided with navigational aids since the International Air Pilots Association has complained about sight-only landing and the confusing floodlights of a nearby rugger stadium. But Mr. Vakatora doubts that there will be major new investment in the industry other than a new hotel for the Japanese and, possibly, some expansion at Pacific Harbour. Although occupancy rates of 50 per cent are clearly depressed by the seasonal lulls, the industry is thinking in terms of consolidation, as is the Fiji Government.

Small boats anchored off one of Fiji's many peaceful, palm-fringed beaches

Ownership

But there are always problems with tourism in a developing country and in Fiji these do not appear to be acute. But the 60 per cent foreign ownership means that actual earnings are much nearer F$50m while Fiji's widening trade deficit is not helped by the high imports tourism requires.

The Prime Minister gets infuriated at the insistence of the major hotel companies in buying meat and fruit abroad—they claim it is more reliable—for this diminishes the beneficial multiplier effect on the local economy. The Government has already provided expensive services for the hotels where there are clearly more pressing social needs.

Socially, the tourists encourage already marked Fijian tendencies towards extravagance (and drinking). The Government is also worried about the watering down to suit mass tastes of a technically proud culture. Mr. Vakatora claims that there has been some improvement from the abysmal level of handicrafts since the Government took a hand: "We will not become another Hawaii."

In practice the skill that produced finely carved war clubs and fishing lines of Huma Hai vanished with the exuberant violence that employed it. Equally, tourist investment has failed to distort, with certain exceptions, traditional relationships based on land owned in common since the chiefs, with certain exceptions, have tended to pass the benefits down.

Against this must be set new jobs, which though fewer than in many industries, are desperately needed in the countryside to curb the drift to the towns and the foreign exchange earnings, which have the advantage of coming in the currencies of Fiji's main trading partners. "At the moment, at least, tourism is not yet out of hand," Mr. Vakatora says. "Our policy is that it should stay like that."

Gold is still the most attractive prospect

Mining

IN JULY, 1899, the *Fiji Times* reported a gold-find of "payable nature" towards the headwaters of the Rewa river on Viti Levu, Fiji's main island. A few hard-bitten residents had panned the waters until the searchers had run out of beer. The newspaper commented: "This is about the 99th expedition which it has fallen upon this writer to record . . ."

Hope has usually outstripped actual mining possibilities in Fiji, although the passionate optimism of the early prospectors long ago gave way to a Government policy that is cautious but keen to believe the best of any new source of export earnings or jobs. But prospects for manganese in the 1950s, bauxite in the 1960s, and copper since independence have faded before the reality of depressed world prices.

With an oil import bill last year of F$72.4m, the Government has particularly encouraged oil exploration, but two bore-holes (drilled by a Chevron consortium, in the channel named after Captain Bligh) have proved dry. The drill-ship has left.

The Fiji Government has issued more than 40 prospecting licences, chiefly to Australian interests, but Fiji has but one active mine: The Emperor Gold Mining company's working in northern Viti Levu. Since its discovery, in 1932, by a 70-year-old panner, called Bill Borthwick, the mine has produced more than 100,000 kg of gold, 40,000 kg of silver and earned around F$145m.

However, the main shaft is now down to some 700 m and there is very little "free" gold—the grade is a mere 6 gm per ton.

The mine was all but shut down in the early 1970s. However, the present high price for the metal has given the mine a new lease of life—it could earn Fiji US$15m this year—but the mine has only another 10 years before it, at best, according to Mr. Ron Richmond, Fiji's director of mineral development.

Gold remains the most attractive prospect in Fiji and there is some intensive exploration at various sites on Viti Levu, including the old producing area of Vunda, and on the second largest island of Vanua Levu, where the Mt. Kasi mine produced 1,800 kg in the 1930s.

The Fiji Government is clearly disappointed at the gloomy report, produced in January, concerning a large but low-grade copper ore deposit at Namosi in southern Viti Levu. The Government was apparently ready to halve its tax requirement during the development of the mine. But the consortium of four companies, led by Anglo-American, felt that the 500m tons of ore, at only 0.48 per cent copper and negligible gold, was not worth exploiting with the copper price unlikely to exceed £1,000 a ton in the foreseeable future

There are six other ore areas under exploration, one of which a Japanese company worked for a year in the 1960s. Iron is found in small and low-grade deposits and magnetite sands.

The outlook for oil is scarcely better. The Chevron consortium drilled down to 9,000 feet between the two main islands and is now examining the core samples.

"Two dry holes mean nothing—look at the North Sea," says Mr. Richmond. There are signs that the Channel might have large buried reefs, such as those which have proved to be prolific oil reservoirs, elsewhere. Mr. Richmond expects another hole to be drilled east of Viti Levu, next year.

Resources

On a smaller scale, Fiji appears to have other profitable resources such as ornamental marble, at Wainivesi, and of pumice at Vanua Levu. There are also phosphate deposits on the far-flung islands of the Lau group, whose inhabitants depend on the troubled industries of fishing and copra. Nobody expects anything of the scale of the pockmarked island state of Nauru—which enjoys a per capita income higher than that of Kuwait—but the government is considering a "cottage industry" to give work to the islanders and replace the 15,000 tonnes of fertilizer imported every year for the sugar plantations.

Fiji is as confident as other South Pacific islands that its 200-mile economic zone will be rich in manganese nodules and other seabed minerals. In the view of the Prime Minister, Ratu Sir Kamisese Mara: "The sea resources of the Pacific will be the frontier of the end of the century."

Fiji is tilting for at least the technical arm of the UN Seabed Authority to be set up in Suva, when, and if, the Law of the Sea discussions are wound up. The Government hopes that its efforts for the UN in Lebanon and Zimbabwe may have earned it consideration as the location for the Commission.

THE ARTS

Cinema

Chaplin's 'lost' masterpiece

by NIGEL ANDREWS

A Woman of Paris (A)
Gate 3 Camden Town and Gate May Fair
The Elephant Man (AA)
ABC Shaftesbury Avenue
The Long Riders (X)
London Pavilion
La Derobade (X)
Classic Oxford Street

For those who don't like Charlie Chaplin the performer —and there are a blighted few, myself included, whom the Little Tramp's revolving cane, twitching moustache and wind-up walk can never move to major mirth — *A Woman of Paris* is the perfect Charlie Chaplin film. He isn't in it. Made in 1923, it's Chaplin's one and only non-appearing silent film as a writer-director, and it was rejected by the public on its first appearance for that very reason. Promptly shelved for 50 years, by Chaplin himself, is finally re-surfaced in 1976, when he dusted it off, shortened it, added a music score of his own composing and allowed it to be shown in cinemas.

Hallelujah! After a preliminary flourish on the festival circuit, here it is at the new Gate 3 cinema in Camden, yet another addition to that dynastic family of movie-houses currently being reared for conquest of London by exhibitors David and Barbara Stone. *A Woman of Paris* is a bewitching *brilliant of a film:* showing that when Chaplin took a furlough from performing and *disappeared behind the camera*, he obviously became a new man. Gone are the pie-eyed pathos and oops-a-daisy slapstick of his self-starring comedies—Chaplin in his silent-clown heyday always seemed to me like a mute blueprint for Norman Wisdom—and they're replaced here by a sweeping sheen of sophistication and a lovely wit as easy as a cigar-flick.

We're in 1920s France and poor little village girl Edna Purviance is driven from home by her stern father when he finds her holding a midnight tryst with her boyfriend. Off *she elopes—or hopes to—to* Paris, but due to a technical hitch the young man can't come along, so she boards the train alone.

Cut to Paris a year later. The *beau monde* is in full swing, and decorating the arm of debonair millionaire Adolph Menjou is none other than our transfigured Edna: poor peasant now *turned rich courtesan*. 'Ere long, our heroine's erstwhile provincial flame turns up in Paris and *the duel is on for* Edna's love and loyalty.

What might have been a size-12 morality *tale clumping* across the screen in heavy Victorian brogues, splashing us with Dickensian pathos at each step, becomes a deliciously light, fluffy comedy of mannerisms. Chaplin builds each scene as a featherweight pyramid of irony, and characters who would in other films have dragged their feet, fettered with the ball-and-chain of melodrama stereotyping — the evil roué, the fallen woman struggling to reclaim life and honour—here dance before us with unpredictability, spraying out grace-notes.

Look at Menjou: brimming with *joie de vivre*, and real not just roguish charm, as the moustache-twirling *homme du monde*. Look at Purviance: *part country innocent caught in* the machinery of big-city sophistication, part good-time girl *going straight* for High Society's jugular.

The classic scene, justly hymned by the film's admirers, is the boudoir beauty session in Miss Purviance's sumptuous apartment. As she lies prone on her morning couch, pummelled by the hands of an austere masseuse while listening *to the day's gossip from* a trilling young girlfriend, Chaplin *simply cross-cuts between close-*ups of this tattle-tale visitor and of the severe, silent masseuse with her *chopping, slapping* hands and her looks-that-kill darted at the young scandalmonger. The colliding worlds of prurience and puritanism are so vividly caught that we almost forget that Chaplin has teasingly robbed us of any glimpse of the heroine's own responses.

Enjoy the movie's careless, tonic richness of detail: the social quirks and razzmatazz in smart restaurant or Latin Quarter party. Enjoy the Balzac-ian glee with which Chaplin depicts the rituals of society stoicism (never react to bad news except for a careless shrug *and a disdainful laugh*). *Enjoy* Chaplin's lush orchestral score, now oomp-oompa'ing with the twenties revellers, now sighing sweetly with strings. In short, enjoy the movie—I defy you not to.

★

The Elephant Man is an oddity. It is based on the story *of John Merrick, a Victorian* man whose monstrous deformities of face and body gave him in addition to the above sobriquet, an early career as a fairground freak and a later entree to social fame and adulation when he was adopted by a renowned surgeon, Frederick Treves. Treves dressed him up in good *clothes, encouraged him in* speech and manners, and intro*duced him to the leading lights* of society and the London theatre.

Was the *Elephant Man, the* film asks, thus saved and made happy for his twilight years or *did he merely ascend the social* ladder from one peepshow to another? David Lynch, director *of that dotty chunk of grand guignol* of yesteryear *Eraserhead*, spends so much of the early part of the movie directing it as a freaktease-show—when will we see the "hero's" features? we clamour, as the character is shuffled around for half an-hour in darkness, behind screens, inside a hood, etc.—that subtleties of character and morality crowd up in the wings wondering if they'll ever get on *stage. Finally the wraps come* off and Glory Be, it's John Hurt with a squunched-baby face and a croissant on his forehead. Now perhaps we can start the film.

No, we can't. For this film never begins. Neither as a teasing slice of Gothic horror nor as a debate on voyeuristic freak-ophilia does it stir into life; *mainly because Lynch's* direction pussyfoots anxiously between the two, trying to keep a handhold on both. The sober side of the proceedings gives us Anthony Hopkins as Treves, underacting as if novocained in *should-I-shouldn't-I* duologue with John Gielgud (head of the hospital where *Merrick is boarded) and* Hannah Gordon (wife). The *battier side gives us a venal* hospital porter (Michael Elphick) selling tickets to all comers for a peep at the monster, and a crowd of responding East End cockneys rhubarbing as if straight out of Hammer's peasant division. Midway between the refined and and the ridiculous is Anne Bancroft as a Famous Actress, ushered on request into the Elephant Man's presence and batting lines from *Romeo and Juliet* with him across the tea-table.

Shot on wide-screen and in black-and-white, *the film* is a stiff, stilted period-piece with no sense of humour and no *real sense of serious engagement* either. Not for the first time, an overawing subject has produced an underwhelming film.

★

The Long Riders also needs a transfusion of something: possibly of the blood of Sam Peckinpah. This dry, distanced, *tableau vivant account of the* Jesse James and Cole Younger story was made by Walter Hill, writer-director of *Warriors*. He has turned the brash, balletic, comic-strip methods of the earlier film into a too-reverencing photo-album style, which only bursts from its decorousness in the final, famed shoot-out at *Northfield Minnesota: mixing slow* motion and fast editing in a stunning apocalyptic cut-up of a climax.

Elsewhere the movie's grand signature-gimmick of casting real-life movie siblings as the James, Younger and Miller brothers—James and Stacy Keach, David, Keith and Robert Carradine, Dennis and Randy Quaid—offers a ground-base of natural rapport that Hill con*sistently fails to build on*. The smoky, ominous textures, the spiky compositions, the spare dialogue seem ever more academic as the story somnambulates on through the familiar staging-posts of an oft-filmed legend.

★

La Derobade is a prance through the red-light districts of Paris, pursuing prostitute Miou-Miou as she attempts to evade *the clutches of (a) the police*, (b) her vengeful pimp-cum-lover and (c) a serpentining, *priapic script that tut-tuts at* the lot of the prostitute while licking its lips mightily over her activities. Daniel Duval directed the film and plays the pimp, and co-star Maria Schneider follows her Last Tango in Paris with this terminal foxtrot.

A scene from 'La Derobade'

Young Vic

King Lear by B. A. YOUNG

The Young Vic is itself again, with its thrust stage surrounded by a juvenile audience sitting on the edge of their seats to learn how the story ends, and its own company giving an immensely exciting *King Lear* under Frank Dunlop.

Philip Locke's excellent Lear is *mad from the word go*, excitable, restless, his eyes looking this way and that, expression *coming and going in his face* like an actor's in a silent movie. The exchanges about Cordelia's "Nothing" are a fatherly joke; but when Kent comes to her defence a moment later he rushes at him in fury. He knows he is mad, and what is more his two elder daughters know it. The change in him after the storm is that he is mad all the time, and knows it no longer.

The play is done at a great pace and with great clarity. The costumes are of no special period, but are satisfactorily *anonymous; Carl Toms is the* designer, and he has overlaid the stage with dull slate grey and backed it with a heavy iron gate. Except for the scarlet traverse cloth that covers the gate during the first scene, everything is grey and sad.

The mood is grey too, in spite of the great vigour of the playing, which is *first-class* throughout. Paola Dionisotti's Goneril, though she wears granny glasses and speaks low, commands the stage whenever she walks on to it. She is quite different from Regan (Joanna Dunham), whose weapon is charm, even if we can see the selfish ambition behind it. Nina *Thomas plays Cordelia, unable* to understand why her father can't see the point of her refusal to flatter him, but hardened a little at the end, though she too radiates charm.

Alfred Lynch plays Gloucester with a quiet nobility, and his two sons are Peter Birch as Edmund, a smooth villain but *capax imperii*, and Nickolas Grace as legitimate Edgar, alias Poor Tom. This is a stunning performance, the true and the imposed personalities blended with great skill, and an extra *peasant personality added when* he picks up his father after the pretended jump over the cliff. Gloucester's blinding is done with violence but not with horror; Cornwall gouges out one eye with his heel, the other is pulled out in a rough-house. The scene on Dover beach between the mad King, the blind Gloucester and the devoted Edgar is heart-rending.

Patrick O'Connell begins as a bushy-bearded Kent, but cuts his hair and beard back to disguise himself. The stocks he is put *in are hideous metal traps, not* the friendly wooden machine we know. He trips Oswald with a quick movement that perhaps accounts for the later phrase "Base football-player." Oswald (Ian Tyler, slim and polished) is clearly happier in the court than in the field, but has quite a decent fight with Edgar, who is armed only with a single-stick. I wasn't altogether happy with Andrew Robertson's Fool, whose witticisms seldom seem as good as his master's straight lines. Perhaps he realised his time was up.

Philip Locke

ENO at Nottingham

The English National Opera is to set down roots in Nottingham next spring. From March 9 *for a month it will mount five* productions at the Theatre Royal, two of which Monteverdi's *Orfeo* and Richard Strauss's *Ariadne auf Naxos* are new. The other works will be *Cenerentola*, by Rossini, Britten's *Turn of the Screw* and Offenbach's *La Vie Parisienne*.

In 1975, when the ENO last visited Leicester, its managing director, Lord Harewood, said the company would never return until the theatre had been modernised. Now, after the expenditure of over £5m it is, in his own words, "the finest bit of theatrical refurbishment I have seen in the UK for years." The ENO will make use of the excellent *facilities to mount lec*tures, recitals, workshops and other educational activities during its season, which will introduce to Nottingham the subscription facilities that have worked at the Coliseum.

Lord Harewood said that by *the end of this season the links* between the ENO and the ENO North at Leeds will end. The northern opera company is now so firmly established it can stand on its own feet and will probably change its name to show its independence from its parent. The Nottingham month is made possible through a £200,000 grant from the Arts Council and is part of its policy of linking national companies with the regions.

Coventry Theatre

Entführung/Bohème by RONALD CRICHTON

While the Manchester Palace and Birmingham Hippodrome are temporarily shut for alterations, Coventry finds itself host to two opera companies, Glyndebourne Touring and Welsh National. Opera is no stranger to this theatre, which in 1962 saw the premiere of Tippett's *King Priam*, but it doesn't give the impression of being warmly welcoming. A still inadequate orchestra pit means that the strings are on *stalls level with* wind and brass buried behind. Can there have been any misconception about the standards of GTO, which regularly offers the regions something previously rare indeed—ensemble opera thoroughly prepared?

Under the circumstances both conductors (Nicholas Kraemer for *Die Entfuhrung*, Nicholas Braithewaite for *La Boheme*) performed prodigies of discretion in keeping *a reasonable* balance between the stage and the Bournemouth Sinfonietta *half in, half out* of the pit. Though the strings, in particular, stood the extra scrutiny very well, (acoustics are good) care for the singers meant some loss of orchestral bite in Mozart as in Puccini. For *Die Entfuhrung* on Tuesday further allowance had to be made because the theatre's central heating *was not working—some* of the general shortage of rhythmic verve *may have been due to* cold hands and throats.

Even so one suspects in Peter Wood's production (first seen at Glyndebourne *in the* summer and staged for the tour by Guus Mostart) an incompatibility between *the complicated*, not invariably essential business and a slow stateliness like Bible *illustrations* brought half-heartedly to life. The result in William Dudley's handsome designs is definitely unyouthful in spite of a youthful cast. Perhaps this was the real trouble *Die Entführung* is a young man's opera, but it needs singers experienced beyond the point where most of them are likely to look their roles.

Here the Osmin (Roger Bryson) and the Pasha (Christopher *Blades) were taken by capable* young artists without the necessary weight—and weight is *needed* for the speaking role of the Pasha as well. At the other end of the scale were two more likeable lightweights nibbling at the music — Deborah Rees (Blonde) and Adrian Thompson (Pedrillo). The main lovers were *in a different category*. The Belmonte of Keith Lewis gave the fullest singing of the evening. Mr. Lewis threw little light on Belmonte's character (unless the tenorial blandness was a producer's comment on the architectural profession to which Belmonte pretends to belong) but for his generally excellent management of the difficult music one was grateful.

In Constanze's even more taxing role, Yvonne Kenny sang for the greater part with ease and *beguilingly* shaded tone, also with a too consistent passivity. In her more hopeful *moments, at least. Constanze* needs zest and urgency as much as elegant moping. The ill winds of cold in the theatre did bring some good. The notorious white doves in the gilded aviary of act 2 were cowed into total silence. Not a coo, scarcely a rustle of wings.

La Bohème, on the other hand, can flourish with young singers if they are well picked. Glyndebourne's *Mimi* is Helen *Field, so good in the title-role* of Janacek's *Cunning Little Vixen* during the Edinburgh Festival. She is not the pathetic waif (physique permitting) of tradition, but a spirited girl resentful of poverty and mortal illness. The third act, crucial for Mimi, went very well. Rodolfo was Pietro Ballo, a young tenor making his first appearance outside his native Italy. Promising voice, splendidly secure high notes, good intonation, strong so far in the lyrical outbursts than in the conversational exchanges that are just as much part of the role.

This aspect of the score was just where the Marcello of Christopher Blades was good — quick, clear and humorous in rapid delivery, a little tentative in the longer lines. The Schaunard of Omar Ebrahim made instant contact with the audience and kept it without false emphasis. He is clearly a useful artist in the making. Andrew Gallacher's shaggy Colline sang his "zimarra" solo *too lugubriously. The tour pro*ducer is Michael Beauchamp, sound enough except when he allows Musetta (Maria Moll) to overdo the shoe-pinching in a way that nearly spoils the reprise of her waltz song. The third opera in the tour is the celebrated Cox-Hockney production of *The Rake's Progress*.

Boulevard

The Comic Strip

The Comic Strip has distinct possibilities. For a start the entertainment is presented in a comfortable theatre inside Raymond's Revue Bar with which it shares drinking facilities and excerpts from blue movies. This adds an undeniable air of anticipation. Then again the compère is Alexie Sayle whose manic steamroller style, filling any pause for breath with cheerful obscenities, is guaranteed to hold the *attention. He also* gives little comfort to the artists who fail to entertain and get the *audiences heave ho*.

This is the problem. There is no consistency in the programme: *a few regular per*formers are mixed with one-offs, so a good night could be *followed by a dire. But judging* by Wednesday what is likely to happen is that hits and misses *follow each other on* stage in rapid succession in the same show. This is inevitable with avant-garde humour but a couple of the acts were so unfunny that they must have avoided auditions. But, as Sayle says, "this is alternative comedy—which means it's not funny."

Best on the night were two double acts The Outer Limits, who perform intellectual parodies including an *effective* impersonation of Space Invaders, and Twentieth Century Coyote, in particular with a couple of poems revealing an obsession with Vanessa Redgrave. The artists are all young, intelligent, experimental and even when dying the death are not boring—embarrassing, but not boring. The Comic Strip is a gamble but surely it is time for London to have a go at intellectual cabaret, and the members of Monty Python in the audience laughed encouragingly at humour very much in *their style* but without their Footlights sophistication.

ANTONY THORNCROFT

Mozart Prize for violinist

The 1980 Mozart Memorial Prize was won on Wednesday night at the Queen Elizabeth Hall by Patricia Calnan, a 25-year-old violinist. She received £1,000. The runners-up were the oboe player David Cowley, who got £500, and the singer Cathryn Pope (£250).

The Prize, which is supported by Royal Doulton, is awarded every two years to a musician under 30 for a rendition of a work by Mozart. The winner *also* earns a performance at the Royal Festival Hall, accom*panied by the London Mozart* Players, who provided the backing on Wednesday.

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THE PROPERTY MARKET BY MICHAEL CASSELL

Hill Samuel in management move

HILL SAMUEL has joined the growing ranks of City institutions prepared to offer their own property investment and management service.

Property is not a new area for the merchant bank, which operates a commercial property unit trust with a portfolio now valued at around £70m as well as an agricultural unit trust worth about £23m.

Until now, the bank has always employed the services of a managing agent—Edward Erdman—to run its property unit trust operation. But Mark Summers, managing director of newly-formed Hill Samuel Property Management, says the bank now feels it has sufficient in-house capability to take over the reins and at the same time to penetrate further into the property world.

Brian Wootton, a surveyor with a spell in Toronto just behind him, has joined Hill Samuel to complete the team, which has now taken over management of the larger unit trust in the fullest sense, involving the acquisition and disposal of properties and collecting and negotiating rents.

Erdmans, who had an exclusive agency and carried out free valuations for the units, will continue to have close links with the Hill Samuel team and will carry on with valuations, for a fee.

Away from the unit trust operation, however, Hill Samuel will be looking to build up its own property investment and management operation. According to Mark Summers: "We have a large number of clients in house who invest in property through our units but there is a growing requirement for direct property management on behalf of funds which are large but not darge enough to have their own internal teams."

Hill Samuel is thinking particularly of the large numbers of local authority superannuation funds, which it believes are very underexposed in terms of property and which could be attracted by a management and investment service operating outside the traditional agency network but which will offer the same range of expertise.

"Until now, we have not had the capability to set ourselves up on this basis as the modern fund manager must be able to offer advice and experience in all aspects of the property sector. With the establishment of the new company, we feel ready to spread our wings."

Negotiations are already being concluded on the purchase of several properties for the unit trust portfolio and Mr. Summers says he is hopeful that property clients, other than those interested in unit trusts, will be putting business his way in a fairly short time.

Trust Secs. cash call

MR. PETER JONES, one-time joint managing director of private property group Compass Securities, is the man at the centre of Trust Securities Holdings, which came to market this week via a £1.4m placing of shares representing 15 per cent of the issued equity.

Mr. Jones, with 17 years in the property industry behind him still only 35, left Compass —the refurbishment specialist set up in 1969 by Geoffrey James on his sudden departure from Haslemere Estates—in October 1975 to head his own property operation.

He started Trust Securities early the following year and, in readiness for this week's placing, all the subsidiary operations subsequently incorporated in England and Jersey have now both amalgamated within the holding company.

Mr. Jones, who has five executive director colleagues and two senior executives working with him, has also during his career worked for Chamberlain and Willows, Hamptons and Allsop and Co.

Trust Securities intends to concentrate on the development of commercial and industrial properties suitable for institutional acquisition and although all schemes to date have been created for resale, the group ultimately intends to build up its own portfolio. Nine schemes valued at £6.5m are at present underway.

Raglan gains ground

THE REHABILITATION of Raglan Property Trust, one of the casualties of the 1974/75 property market collapse, was taken a stage further this week with the announcement of a capital reconstruction to eliminate the remaining £6m deficit on the group's shareholders funds.

At the same time the group revealed that it is moving back into property development in its own right through a series of equity sharing schemes with Abacus—part of the Sir Robert McAlpine construction group—and others.

The capital reconstruction, to be put to a meeting of Raglan shareholders on October 31, should complete the rescue of the group which in 1973 controlled properties valued at almost £27m.

Today the group controls properties valued at around £300,000 while pre-tax profits in the year to March 31, 1980—moving into the black for the first time since 1974—amounted to £57,704 compared to the record £892,000 pre-tax profit earned at the height of the property boom in 1972/73.

Since then Raglan has been subject of a major rescue operation brought on by the collapse of property values in the mid-1970s which left borrowings of more than £27m substantially uncovered.

In 1978 the bulk of the group's properties, together with full responsibility for the debts, were decanted into two new "unconsolidated" subsidiaries Wadeford and Tredray Securities. So far, the subsidiaries are thought to have repaid only £10m of the £27m outstanding and with only one major site, at Newbury, still to be sold, it is clear—as it always was—that the loans will never be repaid in full.

Meanwhile the parent group, unencumbered by its former debts, has taken over the role of property and project development managers receiving a fee from previous creditors, like First National Finance Corporation and EBS Investments (formerly the Edward Bates banking group), for managing the properties it once owned.

A more recent departure has been a series of equity sharing deals which the group has undertaken or is in the process of negotiating. One such scheme, due for completion in November, is a 30,000 sq ft shopping development at St. Austell undertaken with Abacus and in which Raglan has a 35 per cent stake.

The scheme has been fully let to Boots, W. H. Smith and the Co-op and Raglan is now in the process of concluding the sale of its 35 per cent equity stake to Abacus. In another development with Abacus some 60,000 square feet of offices in Swindon has recently been sold. Raglan is not saying how much it is likely to make on the two deals but says that profit on the sale of its interests will be included in the current year's figures.

Raglan is now in the process of arranging forward funding—again on an equity sharing basis—for a $4m office development near Oxford; with the first phase comprising 26,000 square feet gross already pre-let to Becton Dickinson the U.S. pharmaceuticals group.

On a similar basis Raglan is seeking a partner to develop 30,000 sq ft of offices in Bristol with terms already agreed for the purchase of the ground lease of the site from the local authority.

Andrew Taylor

● Cruden Developments has won planning permission for its 150,000 sq ft shopping centre scheme next to Cheltenham's High Street. The £15m project should be completed in 1984 and will provide a 60,000 sq ft store and 60 shops as well as a covered market. Agents are Healey and Baker and Lawson and Lawson.

● Felcrest Property and Development and Royal Insurance have refurbished 9 John Street and 9, Northington Street, WC1, purchased from the Thomson Organisation in 1979, and let the 5,500 sq ft office building to a subsidiary of the L'Oreal Group on a new 25 year lease at a starting rent of £51,500 a year. Sacker and Gale were joint letting agents and St. Quintin advised Royal.

Imperial Group shops in West End

THE CHILL winds of recession howling through the retail trade failed to cool this week's opening festivities in St. Christopher's Place, the West End's latest shopping scheme.

Sandwiched between Oxford Street and Wigmore Street just north of Bond Street tube station, the Victorian-style shopping precinct was given a somewhat informal send-off which included a Caribbean barbecue, Arab acrobats and a press conference attended by a gorilla.

The precinct represents, however, a far from frivolous exercise and is the result of an eight year refurbishment and redevelopment programme which has left Imperial Group Pension Funds, advised by Richard Ellis, owning a large proportion of the area on a freehold or leasehold basis.

Imperial was originally brought in to fund the improvement of some of the St. Christopher's Place buildings, being carried out by David Llewellyn's Greengarden Investments. But the pension funds decided to go further and a complex programme of acquisiand refurbishment has left Imperial's pension funds with 59,000 sq ft of the total 80,000 sq ft of retail space in the pedestrianised development, accounting for 60 of the 78 shop and restaurant units.

Imperial also owns 34,000 sq ft of offices while Greengarden retains a head lease on some office and residential space.

Imperial's investment manager, Norman Ferguson, clearly regards the £16m investment as a somewhat exceptional item in the pension funds' £300m property portfolio. "It is rare for a pension fund to be creative as well as commercial and piecing the whole scheme together has been a major management job. It would have been much easier to buy an office block and, at times, we wished we had."

The short-term problems affecting the retail trade and the fact that fashion (one of the hardest hit sectors) predominates in the scheme, is not apparently giving rise to any undue concern. By this week's opening, only four units were unlet—the result of rigid tenant screening rather than any shortage of applicants, according to Richard Ellis.

Tenants are paying around £35 a sq ft for space, equating to something in the region of £12,000-£17,000 a year for an average unit, most of which are small. The rents represent a new high for the location but look cheap when set against others in the vicinity. In nearby South Molton Street, rentals are anywhere up to £60 a sq ft and tenants in St. Christopher's Place will be paying only about one-sixth of the rentals round the corner in Oxford Street.

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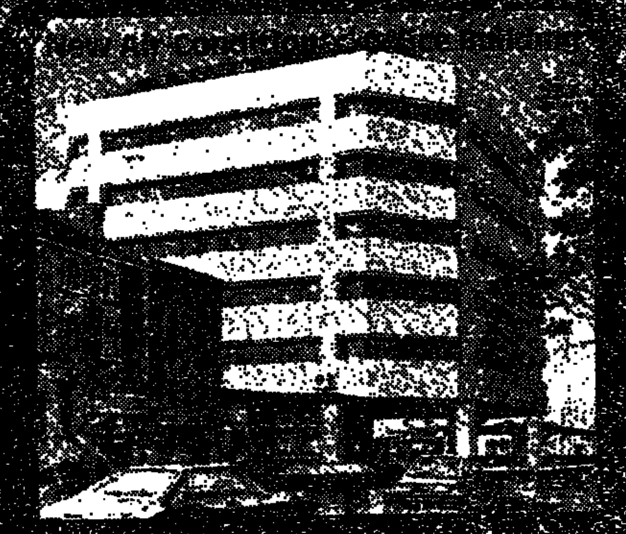

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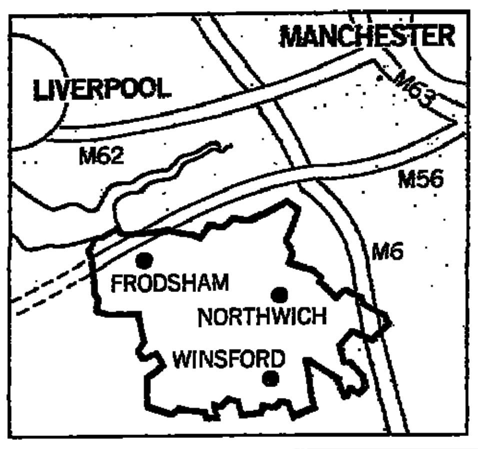

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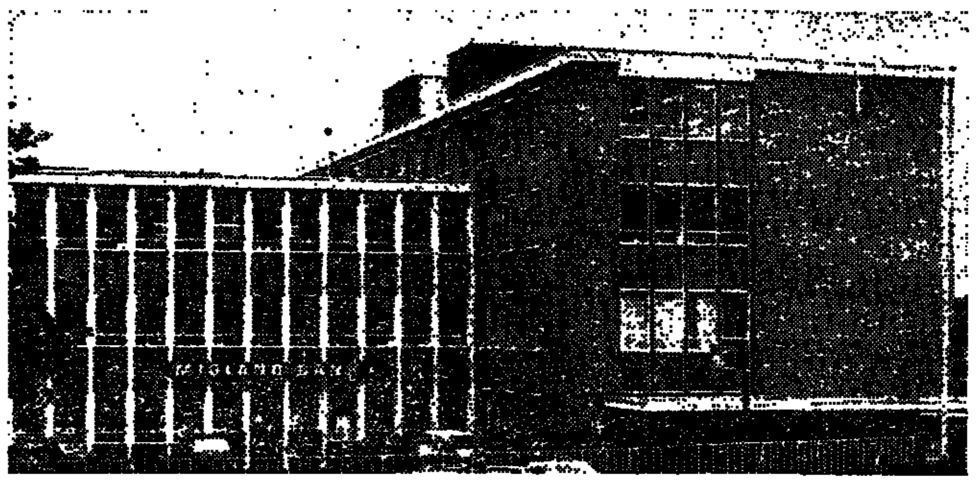

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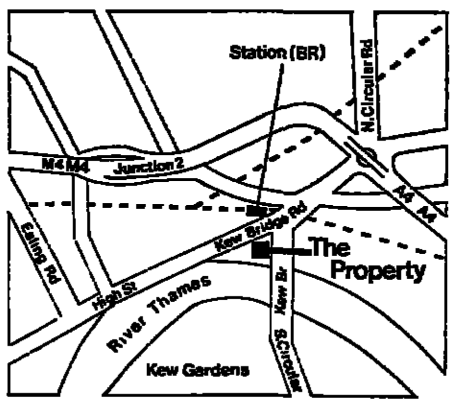

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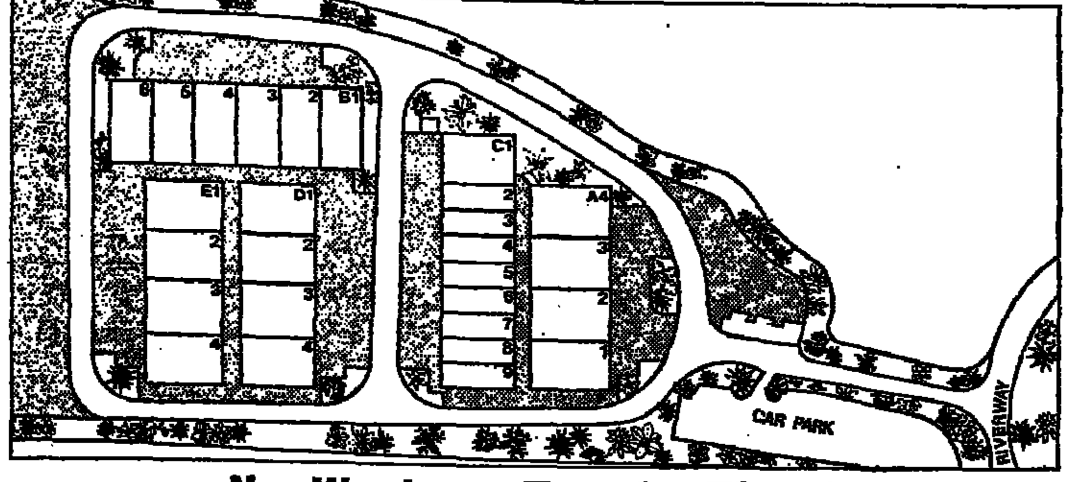

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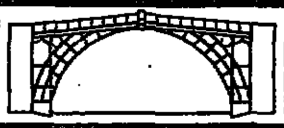

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Friday October 10 1980

Indecision on the North Sea

IF IT were not so perplexing, the Government's announcement about plans to issue British National Oil Corporation revenue bonds would be very disappointing. Taking the statement made yesterday by the Energy Secretary, Mr. David Howell, at face value, the plan seems to be to sell bonds of fixed capital value redeemable by the Government on demand, with an income stream that is linked to oil revenues, but is not payable until redemption.

It is hard to imagine why a security with such odd features should appeal either to investors or to the Government. From the investor's point of view, they would seem to provide neither capital protection against inflation—unless the bonds are made negotiable, so that their underlying value can reflect increases in oil prices—nor a reliable source of income, since the yield on the bonds will be payable only on redemption and will certainly not be known in advance. For the Government, they will be no help in funding the Public Sector Borrowing Requirement, since they will be repayable on demand at their full value, and would thus appear to be a form of interest-bearing money.

National advantage

Perhaps the safest conclusion to draw for the moment is that Mr. Howell's announcement was merely a holding statement, rushed out to rouse the Party faithful in Brighton, and that the final scheme will bear little relation to this bizarre outline.

The trouble with drawing such a conclusion is that it indicates once again the extraordinary difficulty that the Government seems to be having in arriving at any kind of coherent policy for turning oil revenue to the greatest national advantage. Mr. Howell's decision to "seek powers to sell to the public equity shares in BNOC's oil producing business," also announced yesterday, only confirms the impression of total indecision in the Cabinet.

Indeed, a BNOC share sale seemed to have been ruled out by the decision which the Government supposedly took recently on the structure of BNOC. It was generally believed that BNOC management had won its battle against the corporation being split in two separate units, to cover oil production and oil trading respectively. Now, Mr. Howell's announcement about selling equity in the oil producing business suggests that the whole question of BNOC's structure is to be thrown back into the melting pot.

The worst part of the whole muddle is that now, after 18 months of prevarication, the Government seems no closer to knowing its own mind than it was on the day it was elected. The costs of indecision are substantial, for oil revenues represent one of the country's greatest hopes for economic recovery. The way oil revenues are applied may well determine the Government's chances of political survival beyond 1984.

If the Government wished to let "the public share in the benefits of North Sea oil wealth" directly, this could be achieved by a free issue of *marketable* bonds, giving every citizen a right to a particular proportion of the Government's oil revenue. Such a bond issue, by allowing individuals to take advantage of the capitalised value of future oil flows, would give British citizens the chance to make their own decisions about the right balance between using oil revenues for consumption and investment.

In the present climate of fiscal crisis, such a free bond issue would, however, be imprudent, except perhaps on a very limited, experimental scale. The Government's first priority should be not to hand out oil revenues to the people directly, but to use them to reduce, or at least finance, the Public Sector Borrowing Requirement, and hence the level of interest rates. This objective could be achieved by *selling* marketable oil bonds, as a partial substitute for fixe interest gilt sales.

Long term

To make a constructive contribution to the funding of the PSBR, oil bonds would have to be negotiable, in order to provide them with an element of genuine capital appreciation (and not simply income accumulation, as in the Government's present proposals). They would also have to be long-term instruments, not redeemable on demand, except perhaps with severe income penalties, so that they could genuinely be said to be mopping up liquidity in the economy. It should not be beyond the wit of the Treasury to devise such instruments and it should not require years, or even months, of indecision for the politicians to be able to agree on them. If the Government is serious about turning the North Sea to national advantage, it should quickly improve on Mr. Howell's seemingly ill-considered proposals.

The priorities for Belgium

IF BELGIUM did not exist, quite conceivably nobody would nowadays take the trouble of inventing it. But exist it does—and has done so for the best part of four centuries, except for a brief interlude caused by Napoleon's upheaval in Europe. Throughout that period it has held (some would say yoked) together people of Dutch and of French language. Their union never was easy, but it has survived.

True, the country has been crisis-prone, both politically and economically. The current Government crisis is the third within less than 12 months. Nevertheless history should give pause to those who, as each crisis was precariously solved, proclaimed that the Government formed was Belgium's last chance to survive as a political unit.

Upper class

There may not be much love lost between the Dutch-speaking Flemings and the French-speaking Walloons: but then the Flemings do not care especially for their Dutch-speaking cousins in the Netherlands. And the Walloon upper class, which once ran the country, does not wish to join up with France, close though its financial and cultural links are with Paris. The proletariat of Wallonia, where the industrial revolution did great things, but where coal and steel are now in decline, is even less likely to harbour such feelings.

Nevertheless, Flemish-Walloon friction has been the most constant element in recent Belgian history. As has happened elsewhere, a shift in economic patterns underlay the difficulties. From being the rich part of Belgium, Wallonia has become the disadvantaged area. Flanders grew wealthy with the new industries of the post-war world—petrochemicals, motor assembly, and the like.

Outnumbering the Walloons, Flemings conducted a campaign that led to the establishment this year of Flemish and Walloon regions, each with authority over matters such as schools and roads. Industry, defence, and foreign affairs, among other matters, remain central responsibilities.

Unfortunately the maxi-coalition of Mr. Wilfried Martens, embracing the Flemish and French sections of the three main parties—Liberals (right), Social Christians (centre), and Socialists (left)—came apart this month on a matter of economic policy before it could pass further important legislation on the regional issue, especially a statute for Brussels, a bilingual enclave in Flanders.

Inevitably the ethnic problem supplies the background to Mr. Martens' efforts to form a new Government of the Social Christian and Socialist groups. But the important point is that the rock upon which his maxi-coalition foundered was a purely economic matter. There are other multi-lingual states in the world. They have generally found that their unity is in danger once the historic ethnic divisions overlap with divisions about other matters.

In the present instance that is not the case. The Flemish and Walloon Liberals both walked out because they wanted austerity at the expense of social security benefits, whereas the Socialists wanted higher social security contributions from employers.

Unemployment

The priorities for the new Government, once it is established, are clear. With growth collapsing after a boom that lasted into early 1980 and with one of the highest unemployment ratios in Western Europe (10 per cent according to the EEC), the economy is in urgent need of incentives. Nor are the other economic indicators healthy.

It is here that the problems lie that Belgium should be tackling, and to do him justice Mr. Martens appeared to be giving them priority.

Over the past 20 years Belgium has had a better than average economic record. If it could restore its fortunes much would be transformed. Nato, for one, might hope that Belgium would honour its pledge to increase defence spending, though the political obstacles here may be formidable. More important in the long run, with an economy back on course much of the ground would be cut from under the feet of both Flemish and Walloon extremists.

Trying to connect you . . .

By Jason Crisp

LAST November a firm of international dealers approached the Post Office about telephones and Telexes for the larger building they had decided to rent in a move from the Moorgate area to Ely Place near Hatton Garden.

After months of delays the company, Ayrton Metals, part of Impala Platinum, was finally told that the new facilities would be operating this August. It duly told all its clients that from a certain day all its business would be done on the new Telex and telephone numbers and it reminded the Post Office that its entire turnover — last year it reached £100m — depends on its telecommunications links.

The great day came and the company moved in. The direct Telex link with South Africa worked. But that was almost all. The other Telexes had been wired to the wrong exchange. None of the direct telephone circuits within the City had been connected. Only three exchange lines, instead of the 10 which had been ordered, were working. There were no lines for the Reuter service.

Finally, the numbers which the company had given to all its clients were changed on the day of the move.

The problems are not over yet. On Wednesday this week for example two engineers arrived to repair the direct circuit to the West End. Ayrton Metal's managing director, Mr. Brian Nathan, only wishes he had one for them to repair. "It would seem the left hand does not know what the left arm is doing," he said.

This is, perhaps, an extreme example of what can go wrong in dealings with the Post Office. But the fact is that it now takes longer to get a telex or a private circuit for voice or data transmission installed in the City than in any other major centre in the Western world.

The current problems about the supply of equipment and services are so bad that companies which move offices sometimes end up paying rent on two buildings for several months because the telecommunications are not ready in the new office. This may be in spite of many months of planning—and endless meetings with British Telecom, as the telecommunications side of the Post Office is now known. (An average of eight people attended a series of meetings with the company quoted above. The majority of them never spoke.)

Banks and insurance companies, and other groups particularly dependent on good communications, often have to resort to employing consultants who work full time to prod the Post Office bureaucracy into supplying new equipment. This is a task which can daunt the stoutest of hearts. Retired Post Office employees can boost their pensions by advising companies on how to fill in forms exactly right and on who to chase up when nothing happens.

In the City in particular a wide range of companies are exasperated and frustrated by what they see as Post Office bureaucracy and complacency. There are not many organisations which attract quite so much flak from normally reticent companies.

British Telecom is seen as a highly bureaucratic, monolithic and inefficient organisation with little or no understanding or concern for its customers' needs.

Although the basic network is far from efficient—most exchanges still use outdated electro-mechanical equipment designed in the last century—it is seldom mentioned by companies as a complaint. The actual cost of crackling lines, wrong numbers and engaged exchange equipment is hard to measure although it leads to considerable frustration. It is the provision of equipment and services which prompts an almost unstemmable tide of complaint.

Mr. Ernest Munns, head of communications for the Corporation of Lloyd's, believes the insurance market, for example, is in danger of losing business because the Post Office is so slow in supplying equipment. "If the New York market does get off the ground it is going to be even more vital that the Post Office can provide new equipment and private circuits," he says.

Mr. David Thunder, of Bache Halsey Stuart, represents the New York Stock Exchange members to British Telecom. Between them they spend £35m a year on communications in this country and he complains of the bureaucracy, the high cost and unavailability of private automatic exchanges and the lack of private circuits.

Hoechst, the German chemical company, has its UK headquarters in Hounslow. A succession of problems stretching over a period of years culminated this summer in the company getting 150 wrong numbers a night which not only kept the security staff occupied but also risked blocking emergency calls to the company.

The list of problems which companies have had with British Telecom is seemingly endless. But companies are not necessarily flattering about other countries' telecommunications authorities. France's network is still seen as inadequate—although its current capital spending is double British Telecom's—and West Germany is described as very inflexible and strict about what can be connected to the network.

But the most persistent complaint about British Telecom after the delays in provision of equipment is its apparent lack of concern about the interests and needs of the customer. Whether the lifting of parts of the monopoly—in legislation to be introduced later this year—will change this attitude remains to be seen.

THE London telephone region contains 20 per cent of the nation's 17.5m telephones and 3.3m exchange lines. It employs 52,287 people, has 463 exchanges and had an income in the year to April 30, 1980, of £864m.

The number of private circuits in London is about 77,000 and there are some 31,000 Telexes in service. Demand for both—and for data transmission lines—has been expanding fast as companies increasingly locate their head offices in a different place from their data processing activities.

In the year to April 30, the London region installed 625,000 new telephones, 4,000 new Telexes and about 12,000 private circuits.

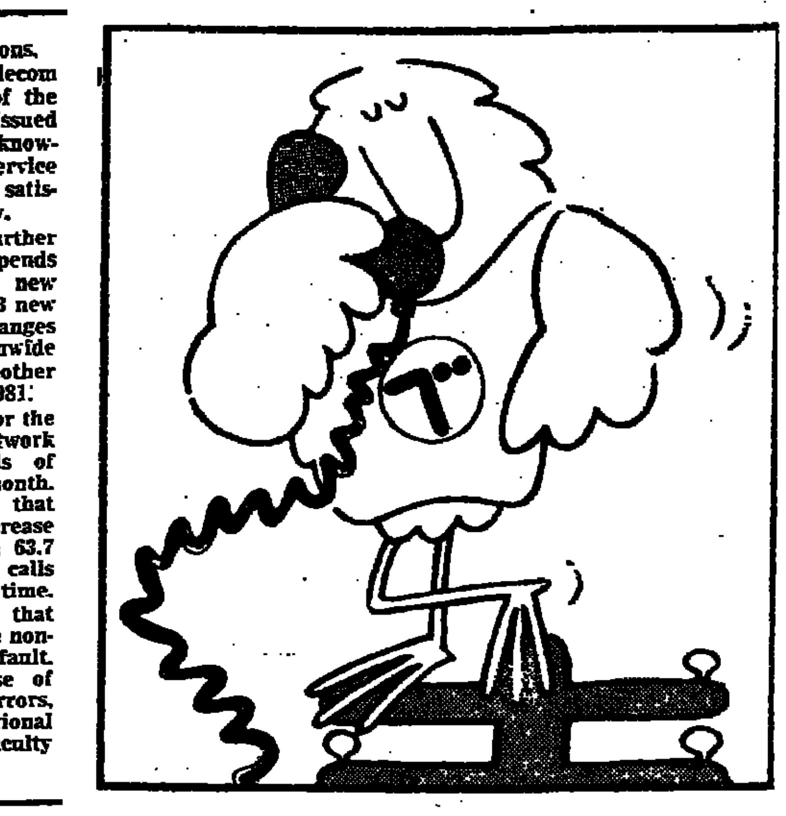
Britain has the third largest telephone network (after the United States and West Germany) and the number of highly profitable international calls (87m last year) has been growing rapidly. One hundred and one countries can now be dialled direct from many locations.

A special British Telecom report on the quality of the telephone service, issued earlier this year, acknowledged that the "local service in London is the least satisfactory" in the country.

The report said that further major improvement depends on the introduction of new electronic exchanges. 63 new TXE4 electronic exchanges were in service nationwide by March, 1980, and another 83 are due by March, 1981.

Post Office staff monitor the "health" of the network daily making hundreds of thousands of calls a month. These figures show that despite an enormous increase in international circuits 63.7 per cent of international calls were not connected first time.

British Telecom says that only 2.8 per cent of these non-connections were its fault. The rest failed because of "customer dialling errors, faults on the international cable or satellites or difficulty in the distant country."



The long, hard struggle to catch up

BRITISH TELECOM'S management is highly embarrassed by the deficiencies of London's telephone network.

The reason for them, it argues, is that in 1978 and 1979 the service was underpriced and thrown off course by an unexpected surge in demand. Two major labour disputes in the same two years made matters worse.

Its frustrated customers, however, respond that the most serious problem is bureaucratic management and inefficient operating systems. It is this, they say, which prevents British Telecom from making any impact on the formidable backlog of work which now faces it.

They do concede that, at senior levels, management is now much better. And they acknowledge that many of the engineering staff are as well trained, and often better trained, than their counterparts in other capitals. But they remain sceptical about British Telecom's arguments.

It is now a year since the last major industrial dispute ended. But it is still taking 12 to 13 months to get a telex, 18 months to get a private exchange and 12 to 15 months to have a private circuit connected in London. British Telecom concedes that the waiting list for private circuits which was 18,000 in January is now 21,000.

The major problem with these *private telephone circuits* is administrative. To connect a single tied circuit can involve as many as 40 engineers, often from different areas, "lining up" the circuit all at the same time. The complex "booking scheme" under which this was organised led to endless problems.

The whole procedure has now been reorganised in central London with one man specifically responsible for all private circuits with a group of engineers whose full time job is lining up the right connections. Mr. Tony Booth, newly appointed director of London Telephone Region, says that the target for connections will be 44 per cent higher in the year ending March 1981 than last year.

By March, 1982, he says, waiting time will be down to 4½ months, with a substantial number of circuits completed in less time. Prices are rising sharply so the Post Office assumption is that demand will soften. Many customers, however, argue that the price of tied circuits is a relatively small factor in deciding whether to instal them.

Telexes present similar problems. British Telecom argues that its reorganisation will leave engineers more time to deal with direct telex links and that the waiting time will be cut to three months within a year.

Private automatic exchanges are a different problem. The Post Office still has for the time being a monopoly of the supply of exchanges with less than 100 extensions and supplies only outdated electro-mechanical equipment. It also seriously under-estimated demand and will not be able to meet it until the new Monarch electronic exchange comes on the market. This was supposed to be ready in September, but is now promised for November.

Designed by the Post Office this new exchange will be capable of voice and data transmission to a very high standard. British Telecom is also ordering a lower cost exchange from Mitel, a fast growing Canadian company—an exceptional move designed to reduce the backlog.

Quite apart from the lack of availability of equipment which causes massive frustration, customers remain at a loss to understand why, for example, the Post Office should send up to ten people to a single meeting. Officially this is "under review." British Telecom is believed to be very anxious to introduce an "account executive" who would have total responsibility for one installation, but this involves complicated union negotiations.

Any major reorganisation of working practices, of course, will have to be agreed by the trade unions, the largest of which is the Post Office Engineering Union. British Telecom is reluctant to discuss its negotiations, but there is no doubt that the Post Office unions are very powerful. The Government's tight cash limits will not make it any easier to "buy them out."

For now customers must make do with Customer Service Managers who have been dragged from the depth of the organisation to act as a "long stop" for people who claim they are being pushed from pillar to post.

And there are plenty of these. According to Post Office figures only 3.6 per cent of calls in London fail to connect because of a fault in the system. These figures, which in any case are an average over 24 hours and include weekends when the system is not so overloaded, are greeted with scepticism by most of British Telecom's customers.

Some exchanges provide very bad service indeed. Fifty-two out of London's 463 exchanges were built before the war and much of the cable network is of the same vintage. British Telecom says that the picture will not improve much until the old electro-mechanical exchanges are replaced and that the £1.5bn a year modernisation of the system is threatened by the Government's strict application of cash limits.

The aim now is to get London up to the "critical international standard" by 1983 or 1984, says Mr. John Harper, British Telecom's deputy managing director in charge of operations. It is an aim fervently shared by the Post Office's customers. But they are by no means all convinced that it will be met.

MEN AND MATTERS

What the futures hold

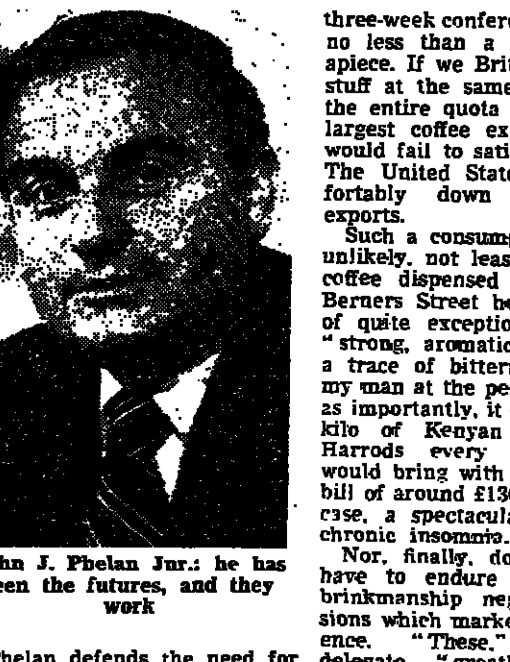
"I think it would be a shame if London did not have its own financial futures market." The sentiment supporting current proposals to establish a City counterpart of New York's two-month market carries more than a little authority, since the man voicing it is John Phelan, president of the New York Stock Exchange and chairman of the New York Futures Exchange.

Phelan is in London this week to satisfy his curiosity about the financial futures market plans now being considered by the Bank of England. If the Bank gives its approval, and no other serious hitches are encountered, its City enthusiasts would like to see the new London exchange established by the end of next year.

Since taking on his $400,000-a-year job as NYSE president, Phelan has personally supervised the birth of the NYFE, popularly known as "the Knife," and he is now preparing to expand contract trading beyond the present Treasury bills, bonds and five currencies to include Eurodollar facilities.

After 25 years as a dealer, Phelan knows something about markets. His position in New York involves the supervision of a staff of 3,100 and liaison with government officials, members, industrialists and others. He regularly puts in 11 to 12 hour days and sometimes attends as many as three "working breakfasts" and a similar number of lunches. "I try not to eat," he explains.

In the past few days he has met Nicholas Goodison, his counterpart at the London SE, officials of the Bank of England, and members of the working committee on financial futures, headed by John Barkshire of Mercantile House. The object of these meetings, says Phelan, was "to get a better feel for what the needs are and to discuss problems and approaches to establishing a new market."



John J. Phelan Jnr.: he has seen the futures, and they work

Phelan defends the need for financial futures by citing the increasing volatility of world markets. "Financial futures can be used as a way of transferring risk. There is a very definite commercial use for them," he claims.

He argues that there should not be a negative effect on any primary bond market from trading futures, which he described as a "derivative product." He is also not averse to taking a small swipe at the Knife's established competitor in Chicago, saying that "there is a heck of a lot more money in New York than there is wheat or soybeans."

Beans talk

The recent London conference of the International Coffee Organisation was notable not only for the price and export quota agreements which emerged last weekend, but also, I hear, for an extraordinary display of product loyalty by those attending.

Putting their mouths where their money is, the 300 delegates, staff and pressmen at the three-week conference consumed no less than a kilo of coffee apiece. If we British drank the stuff at the same sort of rate, the entire quota of the world's largest coffee exporter, Brazil, would fail to satisfy our needs. The United States could comfortably down total world exports.

Such a consumption boom is unlikely, not least because the coffee dispensed in the ICO's Berners Street headquarters is of quite exceptional quality—"strong, aromatic and without a trace of bitterness" reports my man at the percolator. Just as importantly, it came free. A kilo of Kenyan coffee from Harrods every three weeks would bring with it a year end bill of around £136—and, in my case, a spectacular history of chronic insomnia.

Nor, finally, do most of us have to endure the all-night brinkmanship negotiating sessions which marked the conference. "These," noted one delegate, "greatly encourage consumption."

Free-flight

Following edicts against unauthorised construction of balloons and allied flying machines, the East Germans have now wised up to the possible uses of hang-gliders, reports my man in the shadow of the Wall. According to the Law Gazette, production, sale and use of "hängeglider" are now punishable by a fine of 500 Ostmarks for a first offence, and twice that for a subsequent transgression.

Film fun

There are ripples of high drama in the film world as the city of Cannes eyes with Gallic suspicion moves by uppity Los Angeles to start its own American Film Market. A somewhat fraught Gilles Jacob, director of the Cannes Film Festival, has been driven to ask the Americans to move their planned project from March next year on the basis that it is uncomfortably close to Cannes' own May epic. The Yanks may this time decide to stay home. The problem for Cannes is that much of its cultural extravagance is funded by cash that comes from American box-office fodder.

The Americans were finally moved to threaten to turn their backs on the Riviera last Spring after a bout of what that eminent show-biz watchdog, *Variety*, called "gouging and ripoffs." It apparently came as a surprise to French waiters and hoteliers that even American film moguls have accountants and taxmen at home checking their expense accounts.

Things must be bad when French pride is sufficiently reduced for the worried M. Jacob to tell the Americans that: "We propose to mediate between Festival-goers and the city to find a means to end certain practices and guarantee a decent reception." The main object of the exercise will be to ensure that a cocktail on the Croisette does not double the budget for the next Bond picture.

Deals on wheels

Encouraging news for BL, as it nervously awaits customer reaction to the Mini Metro. At the Design Centre, where an exhibition called "Miles Ahead" features the much-heralded car, staff were breathless at the reaction of an Arab visitor who promptly asked to order 500. Barely had they time to refer him to Portman Square, when a British visitor had to be dissuaded from paying £5,000 cash on the nail for the pleasure of driving off in the Union-Jack-shrouded exhibition model, due to be unveiled by Sir Keith Joseph on Monday.

Idle jest

Overheard in a Battersea pub: "My old man says marriage and a career don't mix — so he never works."

Observer

David Buchan reports from Washington that defence and foreign policy are at the heart of the election campaign

The war of words about peace

THE 1980 American election is about war and peace, no less—if you take the candidates at face value. There has not been so wide an ideological rift between the contenders since the 1964 Goldwater-Johnson election. Arguably, foreign and defence issues have figured higher in this campaign than in any peacetime election since the 1960 Kennedy-Nixon clashes over the "missile gap" with the Soviet Union.

Both the main candidates, President Carter and Mr. Ronald Reagan, have gone for each other's jugular. The reason why they have intentionally turned foreign affairs and defence into bitter, gut issues is that these policies have become all-embracing metaphors for the different kinds of leadership they are offering America.

Both men want it that way. Mr. Carter reminds voters of Mr. Reagan's intention to scrap the SALT 2 arms treaty in favour of unbridled weapons competition with the Russians, and also of the Republican's "trigger-happy" calls to dispatch American troops to sundry parts of the globe. The President hopes to keep before the electorate the prospects of Mr. Reagan's finger on the nuclear button, even though he has said he intends to tone down personal attacks on his opponent.

Mr. Reagan complains he is *portrayed as "the mad bomber."* But he paints Mr. Carter as an incompetent, almost craven vacillator — a man who has second thoughts on key U.S. votes in the UN; who admits after three years in the Oval office to being quite "surprised" when President Brezhnev tells him he will not march into Afghanistan and then promptly does; and who is pushed around by America's enemies abroad while alienating its friends.

Conscious there is more than a grain of truth in the slurs, both men have sought to blunt the attacks. Mr. Carter has been lately stressing his "steadiness" *at the helm through stormy* international waters. Mr. Reagan reiterates his commitment to "peace through strength."

Foreign events—such as the U.S. being sucked into a widened Gulf conflict, or the surprise return of the U.S. hostages from Iran by November 4—could still sway this close election's outcome, although which way would be anybody's guess.

By those quirks in the American mood, the two peaks in public approval of the Carter foreign policy came, somewhat *oddly, after success (the* autumn 1978 Camp David accords) and in adversity (spring 1980 troubles over Iran and Afghanistan).

Inevitably, the overriding issue is how the U.S. stands in political and military relation *to its superpower* rival, the Soviet Union. One way or another all concerns flow from this: whether the Soviet Union, conqueror of Afghanistan and backer of Iraq, is poised to take over the Gulf; whether the Nicaraguan revolution is a setback to the U.S. in Central America because it is friends with communist Cuba; whether European allies are making separate accommodations with *Moscow because they can no* longer count on the U.S.; whether the Third World can be made less Marxist and more *pro-American; and so on.*

No one seems to dispute the U.S. has lost some ground to the politically aggressive and *military-minded Russians in the* 1970s. A recent New York Times poll said 63 per cent of Americans think so. The ques*tion is how much. The Carter* Administration claims the U.S. is still top of the heap. Mr. Reagan says that it has slipped badly behind.

Detente, already a dirty word in the 1976 election, was virtually banished from the political vocabulary by Russia's entry into Afghanistan. For the first time in many years a slim majority of Americans told pollsters that defence should have first call in any public spending increase.

All this has wiped out some of the memory of Vietnam, and the country is now in a more bellicose mood. In spite of a fuss in Congress and boos for Mr. Carter when he mentioned draft registration in his Democratic Convention nomination party, most 19 and 20-year-old men registered without demur this summer for possible military service. An August poll showed a narrow majority of the public thought nuclear superiority over, not *just equality with, the Soviet* Union should be the American aim.

This mood has helped Mr. Reagan. But Mr. Carter also moved quickly with it. Even before Afghanistan, the President voiced the revisionist opinion that "not every instance of the firm application of (U.S.) power is a potential Vietnam." He was mapping out plans for a rapid deployment force for world trouble spots, and had promised a real 4.5 per cent increase in 1981-85 defence budgets (admittedly as a vain bribe for Senate approval of SALT 2).

After that invasion, Mr. Carter put grain and technology embargoes on the Russians and persuaded U.S. athletes to boy*cott the Moscow Olympics.* None of these measures did Mr. Carter much good politically. But Mr. Reagan's opposition to them has led Mr. Carter to quip that Mr. Reagan did "not know whether he wants to feed them (the Russians), fight them or play with them.

Yet Mr. Reagan has punched bigger holes in Mr. Carter's record for inconsistency. Mr. Carter and his advisers began in 1977 with the strongly held view that previous Republican administrations had been obsessed with the power equation with the Soviet Union; that military might was becoming less useful as an arm *of influence;* that the U.S. too often viewed the Third World through the distorting East-West *lens, ignoring economic and* nuclear non-proliferation problems there: and that U.S. foreign policy should have a moral content, with a commitment to worldwide human rights.

Unpleasantly reminded by Afghanistan that power did *come, after all, out of a Soviet* gun barrel, Mr. Carter found his policies cut right across one another. Pakistan, cut off from U.S. aid for trying to build itself a nuclear bomb, declined Mr. Carter's offer to help it defend itself against the Russian threat in Afghanistan. Argentina's rulers, irked by Washington's complaints about their terrible human rights record, refused Washington's request that they should not sell Russia extra wheat.

Some European leaders, per*haps still miffed by Mr. Carter's* earlier wavering on the neutron bomb decision, declined to *bring their shutters totally* down on relations with Moscow. These fuel Mr. Reagan's charge of "inconsistency and incompetence."

Mr. Carter never really got across, though he spelled it out two years ago in his Annapolis speech, his formula that the U.S. should confront the Soviet Union where it had to, and co-operate where it could. The ambivalence made it hard for the public to grasp.

But the muddle was made worse by the difficulty of knowing who had the President's ear and was his voice: Mr. Zbigniew Brzezinski, his in-house security adviser, or Mr. Cyrus Vance, the former Secretary of State. In the end, deteriorating events played into the hawkish Mr. Brzezinski's hands, and Mr. Vance left.

But Mr. Edmund Muskie, his successor as Secretary, is complaining in exactly the same vein about Mr. Brzezinski's *power.*

Mr. Reagan's complaint that Mr. Carter has undermined or ditched America's traditional *friends abroad looks a bit* different when one examines some on his list: the former Somoza Government in Nicaragua, Pre*sident Marcos of the Philip*pines, South Korea and Taiwan. Anti-Communism seems to be the sole litmus test in Mr. *Reagan's view of the world.*

Mr. Reagan says he would improve consultation with allies in Europe. This is a ritual gesture by candidates, and is included in the manifesto of Mr. John Anderson, the independent runner.

Mr. Reagan's promise of better consultation may have substance and may be welcome. No European leader wants to be left as high on a limb as Chancellor Helmut Schmidt apparently was by Mr. Carter's backtracking over neutron bomb deployment, although much of this *damage was undone when* NATO decided last December to modernise tactical nuclear weapons in Europe.

But Europeans have cause for concern that President Reagan would set out in nostalgic search for a lost nuclear *superiority over the* Soviet Union. The Republican platform, unlike the Democratic platform, is closely moulded to its candidate's thinking.

It states its goal: "To close the gap with the Soviets, and ultimately reach the position of military superiority that the American people demand." That is not necessarily the demand of the people of Europe, whose leaders have said time and again they would like to see the U.S. Senate ratify the SALT II treaty.

Mr. Reagan argues that the *treaty is "fundamentally flawed"* partly because it locks the U.S. into numerical inferiority in some heavy missile categories. By *sending* the treaty back to Moscow and stepping up the arms competition, he claims he would force the Russians into *real concessions*

Mr. Carter says killing SALT II would lead to a "dangerous, costly and unwinnable arms race," *partly one suspects* out of pique that the long hours negotiating the treaty never received the recognition that his Camp David handiwork did. But the SALT treaty may never pass the Senate—President Reagan or no—until the Russians quit Afghanistan.

They quarrel about the levels, but all candidates agree the U.S. needs to improve the quality of its forces.

The Administration has publicised spanking new future programmes like "Stealth" (to make planes invisible to Rus*sian radar*), while Mr. Reagan has homed in on reports that nearly half the U.S. Army divisions and aircraft carriers are at present unfit for combat.

Mr. Reagan says he will restore American prestige and power in the world — a more *assertive role than Jimmy* Carter's America where "we apologise, compromise, withdraw and retreat: we fall silent when insulted and pay ransom when victimised."

The Carter pitch is stridently anti-Reagan, suggesting of of the Republican as Democrats did of Senator Barry Goldwater in 1964: "In your guts, you know he's nuts." It is modest of the President himself if allowed a second try, Mr. Carter will learn from past mistakes and build on past achievements to make a troubled world safer for America.

Letters to the Editor

The French connection

From Mr. E. Whiting

Sir,—The article by Guy de Jonquieres on the French telecommunications expansion plan (*October 1) illustrates the very* different approaches adopted by France in matters of long-term investment and accounting for *nationalised industries.* As a result, in a relatively short time (12 years or so) the French have been able to build a *modern, efficient infrastructure* of roads, railways and power supplies, and highly successful motor and computer industries, *to mention* but a few. No doubt they will do it again with telecommunications.

The reasons for their com*parative success* are legion. There is one, however, which is not often emphasised.

In this country we have *become bemused* with "cash flow," as though to watch it and increase it were the only important business objectives. In the last Government, Joel Barnett took the cult on board with "cash limits," certainly better than nothing if there is no other way of controlling revenue and expenditure, but crude and arbitrary in the extreme.

Accrual accounting in inflationary times has its faults, but it does at least take into account assets and liabilities, what is earned but not received and what is expended but not paid. Capital, however shaky the principles may be, is distinctly separated from revenue. We ignore all this, I believe, at our peril.

In France the balance sheet and the accumulation of assets *seem to be more respected than* here. Cash is subordinate to the real economy. Performance is measured in physical terms, if possible, in value added or something called the "productivity surplus," which is the difference in output between one year and the next, taking into account the additional capital equipment used.

Projects are more likely to be *judged on their long-term*, often intangible, effects. There is a heavy emphasis on social advantages and a patriotic urge *to make France look and be the* best. Hence the French leadership in "social accounting," which we have largely *discarded.*

In France there seems to be little of the arbitrariness in choice of investment projects *caused by the rigidity of our* financial institutions, the straitjackets round our nationalised corporations and the slavish *adherence to emergency* methods of control such as cash limits. The ideal world of all projects being ranked together *in order of their net* financial and social benefits and the top ones being undertaken is still, I suspect, some way off in France but not even over the horizon in Britain.

If present attitudes persist, our telecommunications system *in 10 years'* time could be so comparatively bad that no one would want to set up or do business here.

Edwin Whiting

(Lecturer in Management Control),
Manchester Business School,
Booth Street West,
Manchester.

Trade with the EEC

From the Director European Movement (British Council).

Sir,—Mr. Kitzinger's claim (October 8) that our trade with our EEC partners is running at an annual deficit of £4bn is out of date. The latest figures show a very healthy and steady improvement from a low point when we first joined the Community.

For the first eight months of *1980 our visible trade with the* EEC shows a deficit of £600m, an improvement on the 1979 figure which was £2.8bn. If one takes account of our private invisible earnings with the EEC, which last year were £1.9bn and are likely to exceed this figure in 1980, our total trade with the EEC, visibles and invisibles, is probably already in surplus. If the trend of steady improvement is maintained, then our trade with the EEC is likely to remain in surplus.

Withdrawal, coupled with the *Labour Party's* commitment to impose import curbs, would inevitably lead to tariff barriers raised against British goods in Europe. *It must be obvious that* such a policy would spell economic disaster for our country.

Ernest Wistrich,
The European Movement (British Council),
Europe House,
1a Whitehall Place, SW1.

Proposals for sugar

From the Chairman, Merseyside World Development Action Group

Sir,—For the European Commission to publish (October 3) details of its proposals for sugar in the way it has done is grossly misleading for ordinary readers, since the figures overlook completely the firm EEC guarantees to the African-Caribbean-Pacific countries (plus Belize, St. Kitts, and India) under the sugar protocol to accept 1.283m tonnes of cane sugar into the Community.

Since this is a firm commitment this amount of sugar should be included in any figures purporting to show the availability of sugar at guaranteed prices. If this figure is added to the A and B quotas it makes the Commission's proposals look somewhat less than satisfactory, to put it mildly.

The figures which the *Commission* publishes show a potential surplus of 1.997m tonnes, assuming the accuracy of the *Commission's forecast* of requirements for the EEC, of 9.851m tonnes. The true surplus figure should be in excess of 3m tonnes when the ACP quota is taken into account. The main fault with the arrangements for sugar, as with those for most of the commodities covered by the common agricultural policy, is that it allows for guaranteed prices on amounts far in excess of known EEC requirements. This is totally illogical since it automatically creates surpluses which, when dumped on the world market, as is the case with sugar, creates havoc with prices for all of the other sugar producing countries.

The proposals do not go anywhere near to the reduction in beet production which would *be needed to enable the EEC to* join the International Sugar Agreement, neither do they do anything to relieve the position *in this country which has been* caused by the increase in the amount of sugar refined by British Sugar Corporation.

In the UK we are faced with a possibly continuing situation where Tate and Lyle is unable to market profitably the ACP can sugar quota which *it refines* in the face of what one might call a comparatively privileged BSC which, because of the advantageous pricing *structure* which the CAP offers, is able to operate at a much higher profit margin than T and L, and is *therefore able to undercut* T and L prices to a considerable extent.

The EEC sugar regime since 1974 has done untold harm to other world producers (many of which are developing countries), and cost the taxpayers huge sums in subsidies; it has placed in jeopardy the jobs of cane refinery workers in this country, and has prevented the successful operation of the International Sugar Agreement. A reduction of some 400,000 tonnes in the amount for which guaranteed prices are available, as is proposed, will do little to redress the balance.

If experience over the last 30 years is any guide we cannot expect the current world situation of high prices to continue for more than another year, and if the CAP objectives of self-*sufficiency* for the EEC at the lowest possible cost is to be effective, much more drastic reductions *will* be needed.

F. Buckman,
Merseyside World Development Action Group,
19, Tynwald Crescent
Widnes, Cheshire.

Deep water ports

From Mr. B. Clark.

Sir,— Mr. Meakin, in his letter *concerning Maplin* (September 27) shows the typical lack of appreciation of established facts which have unfolded during the *last 25 years.*

Thirty-six thousand ships a year travel through the English Channel into Europoort. If Mr. Meakin looks at his map again, he will see that Maplin is on the way, just a little to the left.

Also, much of the traffic to Europoort is intended for the the UK, but unfortunately, we cannot handle the ships, so Holland has gained from our inability to berth the world's big ships.

He mentions the waning traf*fic of Europoort. Just look at* the prosperity of Holland and one can see that they can afford to lose a little of their 330m *tonnes of traffic, particularly* as some of it is due to our own waning trade. London now is down to less than 40m, compared with 68m *some* 25 years ago, when Europoort was 15m. London once served Europe, as Europoort now serves the UK, simply because we neglected the deep water facilities needed.

Please Mr. Meakin, look at the facts. The airport, as I said, was only a "*makeweight*." and only affordable if we are prosperous. A great industrial complex generates the need for an airport, quite apart from domestic consideration.

I well remember when the *statisticians and economists* predicted that 100m passengers would arrive in London by 1970, we have not yet reached 50m. *We must learn to earn our way,* before we can indulge in luxuries like airports for the masses.

Bernard L. Clark,

Bernard L. Clark and Partners.
13 Willow Lane,
Mitcham, Surrey.

Multi-fibre agreement

From the President, British Textile Confederation

Sir,—The generalisations in your leading article (October 9) do a major disservice to one of the UK's leading industries, and do not help towards a balanced approach to the debate *on the renewal of the multi-fibre* agreement.

The leader rightly calls attention to the need for the industrial north to help the developing countries of the south. But wrongly it proposes the virtual winding-up of the present MFA. *Such a policy would have disas*trous consequences for the UK economy, putting at risk the survival of large parts of our *domestic* textile and clothing industries.

Despite their contraction they employ 700,000 people—about *10 per cent of total* UK manufacturing employment. Their annual sales are over £9bn. And their output is larger than motor vehicle manufacture, iron and steel, or agriculture. This succes has been achived by major restructuring and modernisation, substantial improvements in productivity and excellent industrial relations.

The leader ignores the fact that the UK and EEC have taken the lead in giving massive and sustained export opportunities to the textile and clothing industries of the developing world. The Community provides their largest outlet by far, with tariffs which are the lowest of any significant developed market. The MFA bilateral agreement provides them with a guaranteed annual growth in their access to the Community market.

The result is that UK imports from low cost and state trading countries accounted for 27 per cent of our domestic demand by volume in 1979. The penetration rate this year will certainly be higher.

By contrast it is the textile and clothing industries in major developed markets outside the EEC that are highly protected with import levels far lower than our own and tariff and other restraints which are far higher. For example the U.S., Canada, *South Africa and Australia* should be the targets for criticism of this sort. They can all play a larger role in sharing more equitably the responsibility for helping the progress of the developing world.

Certainly the next stage of the MFA trading agreement must give real and growing opportunities to the poorest developing countries but the responsibility cannot be carried by the Community alone.

Leonard Regan,
British Textile Confederation,
24, *Buckingham Gate, SW1.*

Organising the supply of electricity

From the Chairman, Southend East Conservative Association

Sir,—In announcing (October 8) his decision to resign as chairman of the Electricity Council, *Sir Francis Tombs made some* valid points. On the central issue, however, i.e. reorganisation of the electricity supply industry, *I cannot agree with* him.

The Plowden proposals (and those of the last Government), if implemented, would *only* multiply the problems of the industry. Certainly there is little evidence in this country to support the view that the "big pyramid" concept leads to improved efficiency and cost-effectiveness. Most of the past and *present-day problems in the* industry, and those in the associated manufacturing industries, stem from years of highly *centralised control. The result* of all this is that the consumer has paid more for electricity than need be and we have seen the *demise of our power plant* industries.

On the other hand one finds that the consumer enjoying a better deal in countries having a high degree of *de-centralisa*tion, e.g. the U.S., Japan, Germany, Switzerland etc. Furthermore, it is very evident that the power plant manufacturers in most of these countries enjoy considerable success in the export market. Such success, resulting from the ability to offer more diverse product-lines, and, in some cases, superior technology.

These advantages have come about as a result of the nature of their domestic markets which are characterised by a number of independent, free-thinking and accountable utilities. Admittedly, an exception is France, where in spite of having a highly centralised electricity supply structure, the French power plant industry is very successful in exporting its products. It may be however, that the French flair (which we seem to lack) of subtlety combining political and commercial initiatives has a strong bearing on this success.

Another important factor is the rational use of energy. In this regard higher *utilisation* efficiencies can be achieved by close co-operation/collaboration between the industry and local authorities and industrial concerns. In countries having decentralised electricity supply structures, one finds a widespread application of co-generation and district heating. This is the case in Germany and in Yugoslavia, which somewhat *ironically, has a very decen*tralised structure.

The proponents of centralisation have, in my opinion, conned the politicians. A typical argument in this respect is that the establishment of a number of autonomous utilities in the UK would jeopardise the grid system. This is bunkum. If one considers Switzerland, as an extreme example of decentralisation (over 100 utilities), not only does the country have a very highly integrated domestic grid, but a substantial degree of inter-change with its neighbouring countries. It's all a question of organisation.

Re-organisation may be a painful subject, but in the interests of the public, the consumer and our manufacturing industries, it is something that this Government must tackle.

Derrick Streeton.
16 Nelson Street,
Southend-on-Sea,
Essex.

Today's Events

GENERAL

UK: Mrs. Margaret Thatcher speaks on final day of Conservative Party conference, Brighton —mass picket by unemployed.

Mr. Robert Vaes, Belgian Ambassador, and Sir Peter Wakefield, British Ambassador to Belgium, are joint chairmen of seminar on Anglo-Belgian co-*operation in overseas contracts,* Portman Hotel, W1.

Dr. Rhodes Boyson, Education Minister, speaks at Bicester.

Sir Peter Gadsden, Lord Mayor of London, attends Magistrates Association annual meeting, Guildhall.

*Birmingham Chamber of Com*merce trade mission leaves for tour of Malaysia and Indonesia (until October 24).

Chipboard Association conference concludes, Royal Garden Hotel, SW1.

Southern Counties Craft Market opens, Farnham, Surrey (until October 12).

Overseas: Nobel Prize for Medicine announced, Stockholm.

PARLIAMENTARY BUSINESS

House of Lords: Local Government (*Planning and Land*) Number 2 Bill, Committee, final Day.

OFFICIAL STATISTICS

Building *Societies'* monthly figures for September.

COMPANY MEETINGS

AAH, Quaglino's, Bury Street, St. James's, SW, 12. Diploma, Great Eastern Hotel, EC, 12. David Dixon, Dudley House, Upper Albion Street, Leeds, *11.30. English Association of* American Bond and Share Holders, Salters' Hall, Fore Street, EC, 12.30. Erskine House, Winchester House, London Wall, EC, 12. H. J. Heinz, Hayes Park, Hayes, Middlesex, 9. Longton Industrial, North Stafford Hotel, Station Road, Stoke-on-Trent, 3. Press Tools, Sterling Works, Sadley Road, Brownhills, West Midlands, 3. Restmor Group, 54, Baker Street, W, 11.30. Second Alliance Trust, Meadow House, 64, Reform Street, Dundee, 11.30.

UK COMPANY NEWS

Higgs & Hill midway recovery

FIRST-HALF 1980 taxable profits of Higgs and Hill, builder and property developer, improved from £205,000 to £802,000 on turnover £14m ahead at £59m.

There is every expectation, says Mr. E. W. Phillips, the chairman, that the profit for the second half will not be less than that now reported. For the last full year an exceptional provision of £2.5m against a road-building contract in Trinidad left a loss at the pre-tax level of £908,000.

The six months surplus, to which all the group's activities contributed positively can be regarded as a reasonable fulfilment at the halfway stage of his forecast in the annual report of a return to profit, says Mr. Phillips.

Although the recession in the UK has substantially reduced the construction workload available and brought about a decrease in demand for commercial and residential property, the group is obtaining its fair share of opportunities in all these areas, he adds.

Stated earnings, after tax of £417,000 (£107,000) are up from 1.2p to 4.7p, and the interim dividend is 2p (1.9p) net. Last year's final was 1.95p.

Fully diluted earnings are shown as 4.4p (1.8p) after the conversion by holders of £1.7m 8 per cent convertible unsecured loan stock 1989/94 into 1,370,003 Ordinary shares.

HIGHLIGHTS

The Lex column assesses the Government's proposals to sell BNOC revenue bonds and concludes that they are a long way from the kind of stake in North Sea Oil that was once mooted. The latest Central Government borrowing figures continue to run well above budget, particularly because of excessive expenditure, and there are signs that official estimates of PSBR are being revised upwards. Lex also examines the latest series of issues by Japanese companies, with a *possible $150m fund-raising exercise by Nissan on the way in* Europe. The rights issue market continued to be buoyant yesterday with three relatively small offerings, but the bids scene remained dull with no major announcements.

Minority profits take £22,000 (£4,000) this time and after the preference dividend of £6,000 (same) there is an available surplus of £357,000 (£88,000).

The interim dividend absorbs £179,000 (£144,000), leaving a retained profit of £178,000 against a loss of £56,000.

The four-year contract for the Trinidad road is now in its last few months and is a contained situation, states Mr. Phillips. The final account and claim procedures are already well in hand in the UK civil engineering and pipework operations following the already announced closures, the costs of which are having to *be borne against current profits.*

The construction industry suffers a quite unacceptable burden from the delays met in obtaining final settlement of contracts in the public sector, the chairman feels.

Referring to the recent unsuccessful takeover bid by BICC, Mr. Phillips says the board believes the group's future lies in remaining an independent business serving its clients in a more personal way.

Revaluation of investment properties has shown an increase of £4.18m over the balance sheet value at the end of last year, including a surplus of £216,000 realised on two sales which took *place earlier this year.*

Investment properties not occupied by the group are valued at £7.6m, equivalent to 85p per share on the increased capital following the loan stock conversion, and the benefit of this increased asset value will be reflected in the next balance sheet.

● comment

The opposing influences on the Higgs and Hill share price—an unwelcome bid and major provisions against the East-West Corridor road in Trinidad—are now out of the way and the rating should be finding its own equilibrium. Despite the contract closure costs which are weighing against second half profits, the group is probably on course for at least £2m pre-tax, and perhaps a little more, this year. The fully taxed and diluted p/e would be a maximum of about 8 on this basis which, with an historic yield of 6.8 per cent at 82p, up 5p yesterday, suggests that the shares have already settled at a broadly correct level. The group remains confident that turnover will hit the 20 per cent growth target this year and says that the workload for 1981 is "satisfactory" but competition is still tightening and the review pattern of the investment portfolio will hold increasing sway *over mid-term profitability.*

Bentalls plunges but holds interim

DEPRESSED trading conditions have had a considerable effect on the results of Bentalls, department stores, and pre-tax profits in the half-year to August 2, 1980 have plunged from £918,000 to £104,000. Turnover, excluding VAT, of goods and services fell by 1.5 per cent to £19.32m.

The Board says sales so far in the second half are not encouraging, and it seems likely, therefore, that the financial year as a whole will prove to be a difficult one.

The interim dividend is being maintained, however, at 0.3p—last year's total was 1.35p from pre-tax profits of £2.25m. Stated earnings per 10p share are 0.25p (2.2p) before tax and after (1.88p). Dividends absorb £127,000.

Although trading expenses were held to an increase of 12 per cent, lack of growth in turnover has resulted in sharply lower trading profits of £277,000 compared with £812,000 last year. Interest charges were substantially higher at £173,000 (£28,000).

No tax was payable in the first half against £46,000 in the comparable period last year.

The current phase of the renovation and re-equipment of the Kingston store has now been completed, and it will be fully operational for Christmas.

ISSUE NEWS

Huntleigh raising £1.8m: profits up in first half

THE Redditch engineering group, Huntleigh, is raising £1.8m by way of a rights issue on the basis of one new ordinary share at 80p for every five shares held on October 6.

The company has also announced interim 1980 results showing pre-tax profits of £522,000 (£330,000) on turnover of £7.1m (£4.9m). Earnings per share are 4.1p (1.9p) and an interim dividend of 0.7p (0.58p) has been declared.

The directors forecast that pre-tax profits in the second half will be higher than in the first and they expect to recommend a final dividend of 0.8p compared to 0.61p last year.

The rights issue has been made because the company is building a £2.8m new factory at Redditch and considering a number of projects in the high technology defence and aerospace equipment fields.

The company has financed expansion to date in these and other fields, notably ultra-pure chemicals for the microcircuit industry and medical and industrial *equipment, out of cash* flow.

Hymatic Engineering, a subsidiary which manufactures high technology equipment for fluid control and also cryogenic systems for infra-red detectors, has recently won a number of new contracts, necessitating the new factory. The existing premises have been sold and a £2m medium-term loan arranged to buy and equip the new ones.

Commenting on the interim results, the directors say Micro-Image Technology made a substantial contribution and negotiations with a major U.S. company to make and sell ultra-pure chemicals for the U.S. microcircuit industry have reached an advanced stage. Hymatic Engineering's results were adequate and cryogenic equipment production problems have been overcome.

Hymatic Clamps produced good results but Hymatic Industrial Controls was adversely affected by a slowdown in orders. Huntleigh Medical's results remain disappointing due to the high value of sterling despite a substantial increase in sales.

Steps are being taken to rationalise the group's interests in Setpoint and Hymatic Industrial Controls' valve operations. The future of Precision Moulds (Luton) in the group is also being examined.

The directors are also considering the possibility of combining the international trading operations of Micro-Image Technology (Engineering) and Edicron.

Shares issued in the rights issue will not rank for the interim dividend. Dealings in the new shares are expected to commence on October 13 and the offer expires on October 31. The issue is underwritten by Robert Fleming. Brokers to the issue are Rowe Rudd.

● comment

Huntleigh has had an erratic profits record over the past four years but it may finally be finding its focus with Hymatic Engineering's defence business and Micro-Image's sales of chemicals for microcircuits. The troublesome 1978 acquisition, Setpoint, will soon be disposed of as will two other unproductive operations, leaving only Huntleigh Medical to bring up to standard. The shares have enjoyed a big gain this year and the pre-announcement price of 134p would seem to have been expecting more than the approximately £1.1m pre-tax suggested in the directors' forecast. The unusually deep discount on the exercise price brought the shares *down 14p to 120p yesterday* but the propsective ex-rights fully taxed p/e on average weighted capital is still a very high 27. The less than 2 per cent yield on the planned dividend will not provide much support either.

Joseph Holt climbs

TAXABLE profits of Joseph Holt, brewer and wine and spirit merchant, rose sharply from £444,810 to £772,984 for the first half of 1980, on higher turnover of £2.61m, compared with £2m.

After tax of £401,952 (£231,300) earnings per 25p share climbed from 7.12p to 12.37p. As known, the interim dividend is maintained at 2p net per share. Last year's total payment was 6p on pre-tax profits of £978,000.

Retained profits for the half year more than doubled from £153,510 to £311,032.

Lossmaker closed by Whitecroft

IN THE face of mounting losses, Whitecroft, the textiles and engineering group, has decided to close down its Bolton machine tool subsidiary.

Thomas Ryder and Sons—*which recently underwent a* reorganisation with the loss of 200 jobs—showed a downturn from a profit of £499,000 to a loss of £536,000 in the year 1979/80; in addition, £229,000 was provided for redundancy and reorganisation costs.

The company says that in the current year further trading losses of about £250,000 have been incurred as sales volume has fallen, and the board concluded that there is no long-term future for the business as part of the group.

Mr. John Tavare, the Whitecroft chairman, said yesterday that one of the subsidiary's main problems stemmed from the development of a front loading cutting machine. This machine, for use in the motor and general engineering industries, had taken a lot of time and money to develop and was launched on to a depressed market this year. The chairman described the timing as "pathetic."

Mr. Tavare said that another factor to hit the company was the strength of sterling. The subsidiary used to export 50 per cent of its products but the figure was now well below that level.

The company says that on completion of existing orders Ryder will close and Mr. R. H. Stewart of Deloitte Haskins and Sells has been appointed to advise on the sale of the business in whole or in parts. Net assets at March 31, 1980 stood at £1.44m.

It is planned to reduce the *workforce immediately* by 95. The rest of the 140 employees *will continue* to be engaged in completion of the order book and while there is the possibility of a sale of the business.

Mr. Tavare said that he had been talking with one or two parties about buying Ryder, including one from the U.S. He thought it would be a slow process to sell the subsidiary, but the first move was to get parties *interested.*

The group as a whole continues to trade profitably although the company says that results for the half-year will not match those of the same period of last year. In that period pre-tax profits amounted to £2.4m—with strikes clipping some £0.5m off profits — and the total for the full 1979/80 year came through lower at £4.6m against £5.03m.

Over £1m by Green's Economiser

ALTHOUGH first-half results are an improvement on 1979, the Board of Green's Economiser Group, engineer, says they are below expectations. The effects of the recession are biting deeper into profit margins, and this situation will get worse before it gets better.

Pre-tax profits in the six months to June 30, 1980, improved from £874,726 to £1.08m. Turnover rose from £10.1m to £14.91m.

Interest receivable was £43,779 (£23,170), but interest payable was up from £42,013 to £82,890. Profit attributable was £774,773 (£610,726).

After tax of £305,000 (£264,000), stated earnings per 25p share are higher at 9.22p compared with 7.32p. The net interim dividend is unchanged at 2.6152p—last year's total was 5.2304p from pre-tax profits of £1.08m.

TRIACK (LONDON)

A compulsory winding-up order against Triack (London), made on October 6, has been rescinded and the petition dismissed by consent by Mr. Justice Slade in the High Court.

Town Centre's £4.9m cash call

Town Centre Securities is raising £4.9m by way of a rights issue of 9 per cent convertible unsecured loan stock 1996/2000 at £100 per cent in the proportion of £1 nominal of stock for every ten ordinary shares held on September 26.

The company also announces preliminary results for the year to June 30, 1980, showing pre-tax profits of £1.14m (£951,611) on gross revenue of £4.5m (£3.2m).

Earnings per share are 1.04p compared with 0.9p adjusted for the one-for-two scrip issue in December 1979 and a dividend of 1p (0.67p adjusted) has been *proposed by the directors.*

Net tangible assets at the year end are shown as £37.7m. The group's property was independently valued on June 30, 1979, at £50.3m.

Some £3m of the proceeds of the issue will be used for continuing the expansion of the group's investment property portfolio and £2m will be used to repay two of the company's mortgages.

The stock issue consists of £5,065,504 nominal and dealings are expected to begin on October 13. Interest will be payable on January 1 and July 1 in each year in equal amounts except for the period to July 1, 1981, in which the payment will be £5.99. The stock will be convertible in shares on December 15 of any year from 1983 to 1995 at the rate of 137 shares for each £100 nominal.

The directors also propose a one-for-five scrip issue to shareholders on the register on October 31, 1980. If accepted at the annual general meeting in December, the conversion rate on the stock will rise to 164.4 shares per £100 nominal.

The issue is underwritten by Sheppards and Chase. The shares were unchanged yesterday at 62p.

Pyke makes £230,000 cash call

Pyke (Holdings) is raising £230,000 by way of a rights issue on the basis of one new share at 30p for every one share held on September 26.

The directors estimate that the group had a pre-tax trading loss in the year ended on June 30, 1980, of £189,000 compared with a pre-tax profit of £52,005.

The estimated loss consists of £61,000 attributable to the meat business, £40,000 attributable to the motor business which has *since been closed, and exceptional* losses of £88,000 arising from the termination of certain long-standing meat trading arrangements and from group reorganisation. The directors do not intend to recommend payment of a dividend.

Proceeds of the rights issue are to be used to reduce the group's bank borrowings and subsequently in the expansion of its business both through further investment in existing operations and through acquisitions, when suitable.

All directors intend to take up the rights to which they are entitled and have given irrevocable undertakings to do so in respect of shares in which they *are beneficially interested* and over which they have control, the total amounting to 26.3 per cent of the issued shares. Moreover, irrevocable undertakings have been received from holders of a further 60.6 per cent of the shares and Brown Shipley and Co. has underwritten the remainder.

Commenting on current conditions, the directors say that while a marginal improvement in trading has occurred in recent weeks, conditions remain difficult. However, they are confident that actions taken to improve the profitability of the group will be reflected in due course in much improved earnings.

As soon as adequate profit*ability is restored, they intend to* resume payment of dividends at not less than the 1p-per-share rate attained in the year ended on June 30, 1979.

The shares fell 10p yesterday to 35p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Altifund .... inc. int.	5	Nov. 28	4	—	12.5
Altifund ....cap. int.	0.25	Nov. 28	0.2	—	0.63
Atlas Elect. and Gen. int.	1§	—	0.9	—	3
Bentalls ....int.	0.3	Nov. 18	0.3	—	1.35
Bowthorpe Hldgs. ... int.	1.38	Dec. 15	1.26	—	2.69
Bronx Eng. ....int.	0.29	Nov. 28	0.26*	—	1.05*
Finlay Packaging ...int.	0.4	Nov. 13	0.4	—	1.5
Fothergill & Harvey int.	2.75	Dec. 8	2.75	—	7.75
Green's Economiser int.	2.62	Nov. 27	2.62	—	5.23
Hewden-Stuart ......int.	0.48	Dec. 10	0.46*	—	1.25*
Higgs and Hill ......int.	2	Dec. 1	1.9	—	3.85
Huntleigh ....int.	0.7	Nov. 14	0.58	—	1.19
Jersey Gen. Inv. Tst. int.	8‡	Nov. 29	7	—	16.5
Moss Bros. ....int.	0.7	Nov. 17	1.4	—	3.31
Photo-Me	6.3	Dec. 10	7.24	9.45	9.45
Ruberoid ....int.	1.1	Nov. 25	0.95	—	3.1
United Carriers ......int.	2	Jan. 6	1.5	—	5

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and or acquisition issues. ‡ Less Jersey tax. § Increase to reduce disparity.

Photo-Me at a standstill

LITTLE CHANGE in profitability has been shown by Photo-Me International throughout the year to April 30, 1980. At halfway the pre-tax figure was static at £1.43m and for the full 12 months the surplus is virtually unchanged at £2.29m, compared with £2.34m.

Turnover of this group, which manufactures, operates and sells coin-operated automatic photographic vending machines, rose from £21.58m to £25.89m. Tax *was higher at £1.17m (£1.06m)* and earnings per 50p share fell from 43.8p to 38.41p. The net total dividend, however, is held at 9.45p.

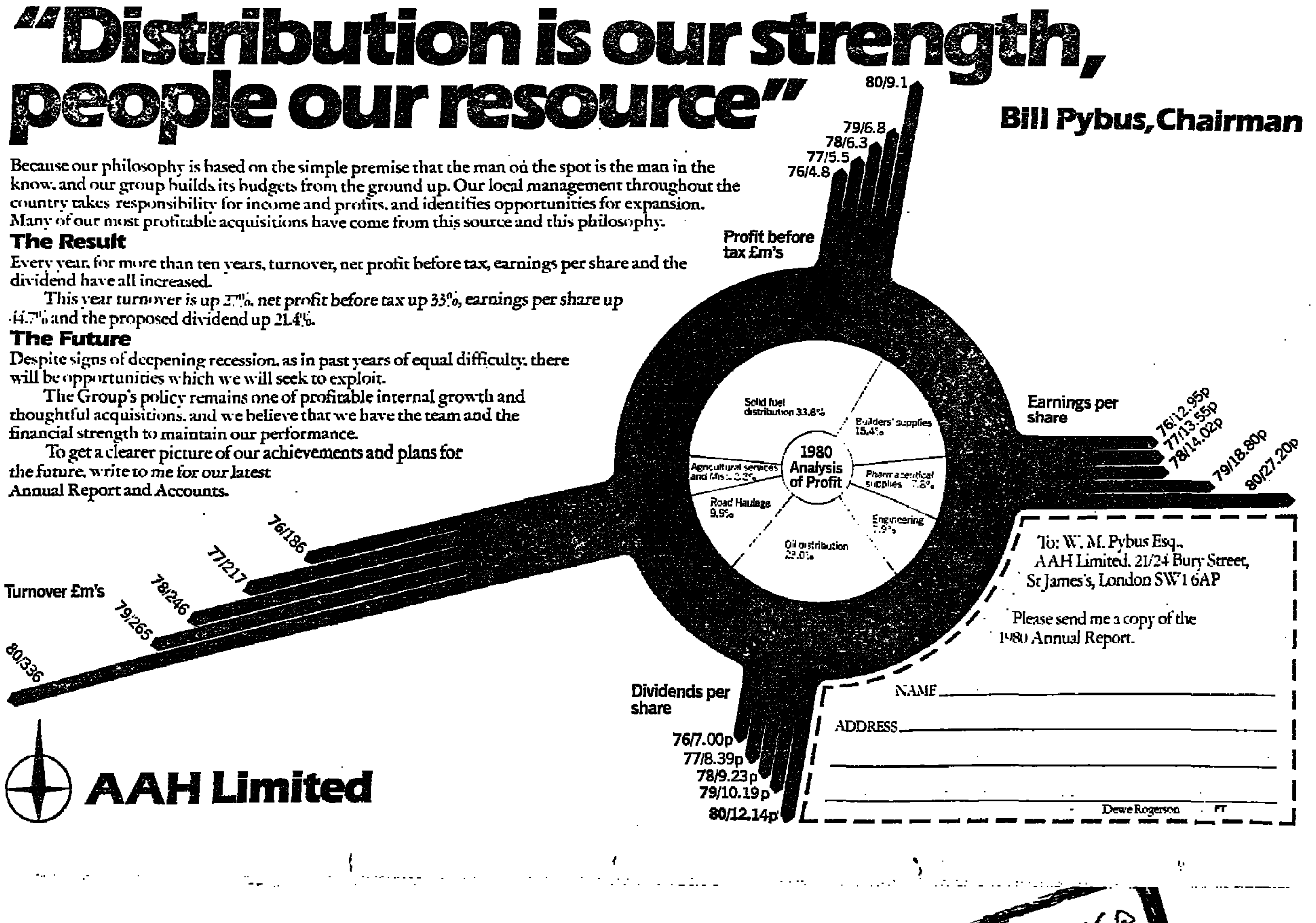
Minorities for the year totalled £306,515 (£360,636) and there were extraordinary debits of £581,072, against £90,769.

MERGERS CLEARED

The following proposed mergers are not to be referred to the Monopolies and Mergers Commission: Fred S. James and Company Inc./Wigham Poland Holdings; the Pacific Car and Foundry Company/Fodens.

SPAIN

October 9	Price %	+ or −
Banco Bilbao	250	
Banco Central	280	
Banco Exterior	217	
Banco Hispano	233	
Banco Ind. Cat.	124	
Banco Madrid	141	
Banco Santander	281	
Banco Urquijo	135	
Banco Vizcaya	258	
Banco Zaragoza	248	
Dragados	120	
Espanola Zinc	71.5	
Fecsa	84.5	−0.2
Gal. Preciados	34.5	
Hidrola	69.5	
Iberduero	65.7	−0.3
Petroleos	114	+2
Petroliber	88.5	
Sogefisa	102	
Telefonica	63.5	
Union Elect.	69.7	+0.3



UK COMPANY NEWS

Bronx Eng. advances to £355,000 half time

FIRST-HALF taxable profits of Bronx Engineering Holdings rose from £220,600 to £354,940 but a significant downturn in trading generally both at home and abroad has affected prospects for the year as a whole.

Mr. C. B. Crosthwaite, the chairman, says it is now doubtful that the record full-year profits forecast in his last annual statement will be achieved, although he is hopeful that the surplus will not be much below last year's £624,273.

Turnover in the six months to May 31, 1980, was up at £6.48m (£4.71m). Earnings, after tax of £185,000 (£114,750), are shown as 1.35p (0.85p) per 10p share.

The interim dividend is effectively raised from 0.26p to 0.29p net, but the chairman says it should not be assumed at this stage that the final will be similarly increased. Last year's total, adjusted for a one-for-one scrip issue, was 1.05p.

It is apparent that many potential customers are deferring investment programmes as a result of the world-wide recession, says Mr. Crosthwaite, although the group has recently received a number of promising inquiries. But with a decline in the volume of orders on hand over the past six months, it seems 1981 will be a difficult year, he adds.

In the longer term he is confident the group's wide product range and geographical spread will enable it to withstand the present recession.

Bronx manufactures machinery which is also made under licence in Australia, Brazil, India, Spain, Japan and the U.S.

Bowthorpe improves to £4.9m midway

ON TURNOVER up from £24.5m to £28.34m taxable profits of Bowthorpe Holdings improved by over £1.3m to £4.97m in the first half of 1980.

However, Mr. R. A. Parsons, the chairman, says that profits for the second six months are unlikely to equal those of 1979, although indications today show the view that the group will, nevertheless, succeed in improving in a modest way on the record pre-tax surplus of £7.6m set last year.

But he sounds a warning that 1981 will be a particularly difficult year because of the general economic uncertainties world-wide.

The profit for the half-year included a contribution from associated companies amounting to £627,000, compared with £319,000 a year earlier.

After a tax charge higher at £2.43m (£1.74m) stated earnings per 10p share show a rise to 6.1p against 4.4p.

The interim dividend is being increased from 1.257p to 1.383p net—last time a final of 1.435p was paid.

Despite economic difficulties prevailing in the six months, most subsidiaries performed well—in particular Bowthorpe EMP and Power Development which both produced profits following last year's losses.

The company has experienced a fall-off in order intake over the last few months, and this pattern is continuing. However, this was anticipated and measures are being taken in selected areas to curtail output, involving a reduction in production time and a small number of redundancies.

The establishment of manufacturing operations overseas to complement those in the UK has been of significant importance, and this policy is being actively pursued.

Bowthorpe's main activities include the design, manufacture and sale of accessories and components for use mainly in the electronic, telecommunications, aerospace and electric supply industries.

● comment

The results from Bowthorpe reflect the buoyancy of the electronics sector and a £400,000 turnaround in two key divisions. EMP and Power Development together made a loss of £250,000 in the first six months of last year, but at the interim stage they contributed £150,000 of profit. This was partly the result of rationalisation, including 60 redundancies at EMP in recent months. Bowthorpe's overseas side did slightly better than UK operations, but both managed to improve, responding to a boost from defence-related orders. The overseas side accounts for 54 per cent of group profits and forfeited around £200,000 on exchange translation. The recent decline in order intake points to year-end earnings of around £8m, still above 1979 levels. In addition, the company's financial position is quite healthy; UK cash balances total £4m against overseas borrowings of £3m. At 152p, down 2p yesterday, the shares yield a prospective 2.8 per cent, not unusual for the sector. The p/e on a full tax charge could be just under 17.

Fothergill & Harvey ahead but sees less profit this year

FROM INCREASED turnover of £9.97m, against £8.47m, profits before tax of Fothergill and Harvey improved to £1.04m in the half year ended June 28, 1980, compared with £0.93m in the same period last year.

Unfortunately the good start has not been maintained in the second half—however the group is trading profitably and while profits for the year will be less than the record £2.03m of 1979, the board has declared an unchanged interim of 2.75p.

Profits in the first half are after interest of £120,000, against £18,000. Tax takes £431,000 (£231,000), giving net earnings per share of 7.42p, against 8.5p. Pre-tax earnings are stated as 12.59p (11.3p).

Succession plans for senior management have now been completed. Mr. J. A. Jordan, the chairman will be retiring from the board at the end of November. Mr. L. Stevens will succeed him as chairman and will continue as chief executive with Mr. J. P. Conway becoming deputy chief executive.

The group trades as manufacturers of fluorocarbon based products and fibre reinforced composites.

● comment

Sales and profits of Fothergill and Harvey resisted the recession longer than expected. The operating margin in the first half was only one point lower than in the second half last year and better than in the first half of 1979. However, the directors have signalled that hard times have arrived and it is unlikely that pre-tax profits will be much higher than £1.8m for the year. The shares dropped 3p yesterday to 122p but the prospective fully-taxed p/e is still a respectable 11.2 and on a maintained well covered dividend is adequately *supported by a 9.3 per cent yield.* The group has a sound balance sheet and while expenses are being cut, no major surgery is envisioned.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Associated Book Publishers, Derritron, J. E. England, Firmin, Helene of London, Lesney Products, Scottish Television.

Finals—British Empire Securities and General Trust, Priest Marians.

FUTURE DATES

Interims—

Bankers Investment Trust	Oct. 14
Bishopsgate Trust	Oct. 20
Bristol Channel Ship Repairers	Oct. 13
General Scottish Trust	Oct. 24
Hambros	Nov. 20
Hunting Gibson	Oct. 16
London and Northern	Oct. 22
Mowlem (John)	Oct. 15
Finals—	
Eleco	Oct. 22
Lawrie Plantations	Oct. 15

Moss Bros. 50% lower at £78,000

PRE-TAX PROFITS of Moss Bros., tailor, were halved to £78,000 in the six months to July 26, 1980. Turnover advanced from £3.89m to £4.24m.

The pre-tax profit is struck after charging £30,000, which is half of a special payment the board advised to supplement the pension fund, and £10,000 being an ex-gratia payment to a former director.

After tax down from £86,000 to £42,000, stated earnings per 20p share *are lower at 1.43p against* 2.78p. The interim dividend is halved to 0.7p—last year's total was 3.311p from pre-tax profits of £428,000.

Hewden-Stuart Plant tumbles £2m

VERY DIFFICULT trading conditions which progressively deteriorated in the summer months have meant a fall in pre-tax profits of Hewden-Stuart Plant from £4.73m to £2.75m for the 26 weeks to August 3, 1980.

Virtually all geographical and operational areas of this plant hire group were affected, although the profits downturn was most noticeable in those activities such as crane hire and fork lift trucks, which are more identified with the industrial rather than the construction market.

The directors say the outlook for the second six months is not good and profits for the period are not expected to repeat last year's levels. Pre-tax profits for the 53 weeks ended February 3, 1980, totalled £9.11m.

Although turnover for the half year was *maintained at £35m,* the figure concealed a substantial fall in sales of the marketing division compensated by an increase elsewhere.

The recession continues and the winter months will be very difficult, the directors state. The three-week national crane hire strike which finished last week has been costly, *while the marketing division continues to be* affected by the reduced levels of capital expenditure of industry generally.

Interest rates remain penal and there is a substantial surplus of plant available throughout the industry.

The directors and management have taken determined action to control costs in the face of the recession and there have been a number of redundancies, the costs of which have been provided for in the interim figures.

Looking further ahead, however, they remain very optimistic as to the longer-term future.

Half-yearly earnings per 10p share dropped from 4.959p to 2.807p, but the net interim dividend is effectively improved from 0.458p to 0.475p net per share. The directors explain that it would be imprudent to recommend a substantial increase without having regard to full-year profits and the outlook at the time of the declaration. Last year's total was 1.25p after adjusting for the scrip issue.

Pre-tax profits for the first 26 weeks were struck after depreciation up from £4.21m to £5.02m and interest charges of £2.36m (£1.53m), but were before pre-*acquisition profits of £79,368 this* time.

Minorities took £197,752 (£366,438) and tax rose from £172,553 to £185,365. After dividends absorbing £418,343 (£402,839) retained profits were down from £3.78m to £1.87m.

Despite the drop in profits, cash flow—based on the group's sound depreciation policies—remains strong. Borrowings were not materially different from last year's levels and the increased interest charge almost entirely reflected higher rates.

In recent weeks the seasonal pattern of declining borrowings is again apparent and at the year end it is anticipated that borrowings will be in line with last year's figure of £22m.

The directors say that with shareholders' funds approaching £40m, borrowings remain low and could be substantially increased should circumstances make it prudent to do so.

Capital expenditure amounted to £9.5m (£12m) bringing the investment in the last 18 months in the modernisation of fleets and depots to around £27m.

● comment

It is one thing to pass or cut a dividend and quite another to reconsider earlier growth projections. Hewden-Stuart had intended to maintain the payment this year after the recent *one-for-five scrip* but the outlook for plant hire, particularly as it depends on industrial as well as construction demand, is now so uncertain that the interim has been confined to a fractional effective improvement. The shares barely had to adjust yesterday to fall back to the year's low of 41p at which point the cash flow multiple, assuming the group can generate perhaps 15p-16p per share this year, offers a reasonable level of support. The balance sheet has not been impaired unduly and, after a high level of capital spending, the rate of new additions and replacement in the £80m hire fleet can be eased back for the time being. It is likely that spending will be cut back by about a third this time to around £12m. The final dividend decision will be important and it would be difficult if not impossible to re-establish hire rates over the short-term but the scale of the potential response to a rise in demand given the operational gearing should not be overlooked.

Ruberoid earns and pays more

Pre-tax profits of Ruberoid, the building products, specialist subcontracting, paper and plastics group, advanced from £559,000 to £805,000 in the first half of 1980—a rise of 44 per cent.

Turnover for the period was up by 36.6 per cent to £21.3m, compared with £15.6m a year earlier.

The chairman, Mr. Thomas Kenny, expects the outturn for the year to exceed the record £1.8m earned in 1979, although the present serious recession throughout industry is having an effect, he says.

The interim dividend is being raised from 0.95p to 1.1p net. Last time a final of 2.15p was paid.

A breakdown of sales for the six months shows building materials at £12.59m (£9.3m), contracting at £5.88m (£4.74m), paper at £3.09m (£1.5m), glass and synthetic tissues at £480,000 (£302,000) and plastic products at £1.11m (£1.19m), less internal sales of £1.83m, compared with £1.4m.

John Finlan advances and pays 0.5p more

Taxable profits of John Finlan, builder and land developer, showed a marked improvement in the first half of 1980, rising from £141,582 to £223,474. Turnover in the period eased slightly to £2.22m, compared with £2.31m.

The interim dividend is increased from 1p to 1.5p net—last time a final of 1.5p was paid from pre-tax profits of £330,976.

The Board states that the current workload is at a satisfactory level and will carry the company through the present year and well into 1981.

Development activity on its industrial estate at Middleton is rapidly intensifying and is now realising its true potential.

Tax in the six months took £116,206 (£73,623), leaving earnings per 10p share of 3.58p, compared with 2.27p.

Arbuthnot Govt. Secs. revenue rises

Gross revenue of Arbuthnot Government Securities Trust advanced to £956,231 during the year to July 31, 1980, compared with £376,852 for the period from June 20, 1978, to July 31, 1979.

Net profit for the 12 months after all charges amounted to £634,051, against £347,891 for the period.

A final dividend of 3.19p gross has already been announced but the directors expect to recommend a total payment for the year to July 31, 1981, of 12.76p gross (12.755p gross).

Sudan group insures in London market

Kenana Sugar Company has appointed London insurance broker Lowndes Lambert to handle its industrial, marine, aviation, liability and construction risks, with much of the cover placed as reinsurance in the London market. The total sum insured exceeds US$1bn.

Kenana's Sudan complex includes plantations, factories, townships for some of its 20,000 workers and an airfield.

Tate of Leeds drops £0.12m

A DROP of £116,113 to £210,759 in pre-tax profits is reported by Tate of Leeds, car and commercial vehicle distributor, for the half-year to June 30, 1980. Turnover rose from £8.5m to £8.98m.

The Board says that despite good vehicle markets during this period, increased competition in a rush to reduce vehicle stocks has eroded margins. Although funds have been controlled, interest charges have increased sharply.

There was a tax charge of £11,300 (£12,942) in the first half.

Utd. Carriers up £0.5m so far

TAXABLE profits of United Carriers, road transport group, expanded to £2.5m in the 26 weeks to July 26, 1980, compared with £2.02m a year earlier.

The directors, who say they look forward to a good result for the year as a whole, are increasing the interim dividend from 1.5p to 2p net and at the same time proposing a one-for-one scrip issue. Dividends for the last full year totalled 5p from pre-tax profits of £3.86m.

After six months' tax of £928,000 (£652,000) there is a net surplus of £1.58m (£1.37m) of which the interim dividend absorbs £248,000 (£184,000).

Stated earnings per 10p share are 1.6p ahead at 12.7p.

Turnover in the first half rose from £13.06m to £15.55m.

● comment

United Carriers has produced another good result in its first half; turnover is up 19 per cent, pre-tax profits up 24 per cent (15 per cent after tax) and the interim dividend is raised by one-third. The flow of parcel traffic has held up better than expected while the new subsidiary, Abel Systems, has been trading well enough to contribute £120,000 to the half-year earnings — considerably more than was predicted in April. Because the second *half is* normally less good than the first, pre-tax profits for the year could be in the region of £4.75m. At 193p (up 7p on the day) the shares would be yielding 4.1 per cent if the final dividend remained the same. Speculation over a possible bid from Lex Services may now fade a little; given a fully taxed p/e of 10.2 and today's market capitalisation of £24 against United's net assets of about £15m, the shares must contain a solid portion of bid-premium.

London and Strathclyde increases

Gross revenue of London and Strathclyde Trust for the year to August 31, 1980, improved from £673,095 to £899,883. Net earnings rose to £387,540, compared with £271,063, after a tax charge £44,165 higher at £197,936.

Earnings per 25p share are stated at 2.69p (1.88p) and a final dividend of 1.35p makes the total 2.05p net, against 2.3p which included a special non-recurring payment of 0.7p.

The net asset value per share shows a rise from 62.7p to 78.7p.

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	360	52	11	76	—	90	—	440p
BP	390	24	18	52	—	68	5	"
BP	420	7	17	34	—	50	—	"
Com. Union	160	9	—	22	1	26	50	167p
Cons. Gold	500	183	—	203	—	220	1	678p
Cons. Gold	600	83	78	125	31	145	—	"
Cons. Gold	650	42	155	90	20	113	—	"
Cons. Gold	700	16	105	67	3	85	—	"
Courtaulds	60	¼	—	2	13	—	—	59p
GEC	500	26	2	60	—	82	—	513p
Grand Met.	140	18	17	25	—	31	—	156p
Grand Met.	160	2	—	13	5	18	—	"
Grand Met.	180	½	—	6	—	10½	1	"
ICI	330	7	115	27	10	34	—	327p
ICI	360	1	—	13	1	21	9	"
ICI	390	½	—	7	1	12	9	"
Land Secs.	355	32	5	54	—	—	—	381p
Land Secs.	390	6	—	31	10	46	—	"
Marks & Sp.	90	16	3	19	—	24	—	104p
Marks & Sp.	100	6	9	12	25	18	3	"
Marks & Sp.	110	2½	—	7	50	13½	50	"
Shell	420	11	2	38	—	52	—	415p
Shell	460	1½	2	22	14	30	—	"
Totals			539		164		28	
		November		February		May		
Imperial Gp.	80	4	—	9	5	10½	—	77p
Lonrho	94	22	6	31	—	—	—	114p
Lonrho	100	—	—	—	—	32	1	"
Lonrho	104	14	7	23	—	—	—	"
Lonrho	114	8	36	15½	10	—	—	"
Lonrho	120	5	5	11½	1	18	—	"
P. & O.	120	7	—	15½	15	—	—	121p
Racal Elec.	330	16	1	33	—	46	—	316p
Racal Elec.	360	5	—	21	3	35	—	"
RTZ	384	73	13	90	16	—	—	444p
RTZ	414	43	—	67	10	85	—	"
RTZ	454	22	12	43	—	60	—	"
RTZ	494	7	33	25	25	42	—	"
Totals			105		85		1	

RESULTS AND ACCOUNTS IN BRIEF

SIRDAR (hand knitting yarns)—Results for year to June 30, 1980, already reported. Shareholders' funds £10.59m (£9.09m). Loans £335,779 (£373,844). Bank overdrafts £263,422 (£1.51m). Chairman says that so far in current year, demand is being well maintained. Reduced borrowing and strength in home market should provide a firm base. Meeting, Alverthorpe, Wakefield, October 30, at noon.

CRAY ELECTRONICS (70 per cent held by Throgmorton Trust)—Results for year to April 28, 1980 reported on August 2. Shareholders' funds £2.73m (£2.38m), long and medium term borrowings £1.55m (£1.01m), secured bank advances £461,000 (£193,000), balances and short term deposits £611,000 (£205,000). Meeting, Institute of Directors, SW, October 28, at noon.

JAMES WALKER GOLDSMITH AND SILVERSMITH—Results for year to April 26, 1980, already known. Shareholders' funds £17.74m (£14.96m): cash and bank balances £538,116 (£1.85m): bank overdraft £822,998 (nil). Although the board views the longer-term prospects with confidence, the lack of growth in the economy makes the outcome of the current year uncertain. The company proposes to introduce a profit-sharing scheme. Meeting, 1, Gleneagle Road, SW, October 29, at noon.

TRING HALL SECURITIES—Interim dividend for 1980 of 1.4p (2p gross) per ordinary share, payable on October 3, 1980.

BURNS-ANDERSON (building developer, motor vehicle distributor, property investor)—Results for the year to end-June, 1980, announced September 18. Shareholders' funds £4.6m (£4.02m), loans £1.27m (£1.6m), short-term deposits £1.8m (£1m). Next accounts will be for 15 months to September 30, 1981. The interim statement is expected to be made early-July, 1981, in respect of the nine months to March 31, 1981.

PALMERSTON INVESTMENT TRUST—Results for year to March 31, 1980 already known. Fixed assets £1.81m (£1.83m), current assets £61,738 (£46,353), current liabilities £881,679 (£868,154), shareholders' funds £769,691 (£762,751). The auditors draw attention to the retention in the balance sheet of £37,958 advance corporation tax as a deferred asset, which is not in accordance with SSAP 8. Meeting, Winchester House, London Wall, October 30, at noon.

EMESS LIGHTING (shares listed in January)—Results for 15 months to June 30, 1980, reported September 23 with prospects for current year. Balance sheet at June 30 shows share capital £335,687. Reserves £713,220. Bank balances and cash £147,433. Stock and work in progress £456,650. Net current assets £436,260. Proposed *to adopt new articles of association.* Meeting, 211, Piccadilly, W, October 28 at 10.30 am.

RICARDO CONSULTING ENGINEERS—Results for year to June 30, 1980, reported September 25. Shareholders' funds £5.51m (£4.6m), bank and cash balances £4,000 (£302,000), overdrafts £1.99m (£0.7m). Historic pre-tax profit of £1.21m (£1.1m) reduced to £795,000 (£824,000) on CCA basis. Meeting, St. Ermins Hotel, Caxton Street, SW, October 28 at noon.

KWAHU COMPANY (FINANCE) — Taxable profit for the year to end-June, 1980, £116,745 (£107,634). Increase due to bigger dividends received and higher earnings arising on sales of investments. Dividend same-again 1.64p net. Tax charge reduced from £40,405 to £17,524. Retained profit £151,308 (£134,595). Earnings per 10p share stated at 2.64p (1.79p). Listed investments £936,273 (£1.08m), *unlisted* £59,562 (£48,676). Bank balances £27,249 (£3,796), bank overdraft secured £9,281 (£73,736). Meeting, 25/35 City Road, EC, October 30, 2.30 pm.

EMRAY (industrial holding company)—Turnover for six months to June 30, 1980, £2.45m (£1.78m). Profit £52,000 (£98,000). Tax nil (same). Results exclude any contribution from those businesses already acquired during current year but these are achieving target. While unable to avoid the harsh economic climate the company fights to improve profitability. Acquisition programme designed to broaden company's trading base, continues.

R. P. MARTIN AND CO. (foreign exchange and currency broker)—Results for year ended June 30, 1980, and prospects reported August 19. Shareholders' funds £1.11m (£0.83m). Long-term bank loan £314,294 (£360,116). Bank loans and overdraft £57,321 (£321,980). Cash and bank balances £349,847 (£555,545). At September 24, Tangora Inc. held 20 per cent of share capital. Meeting, Great Eastern Hotel, EC, November 10, 11.30 am.

EX-LANDS (investment company)—Results for *half*-year to June 30, 1980: Pre-tax profits £31,517 (£33,964): tax £8,429 (£8,500). Surplus on disposal of investments £14,854 (£20,652). Company states that permission to remit sale proceeds of shares in the associated Nigerian company has not yet been given. It has been informed, *however, that subject to investing one-half of the proceeds in an investment* approved by the Nigerian authorities, application can be made to remit the remainder. The directors are examining this possibility.

DOWDING AND MILLS (electrical and mechanical engineer)—Results for the year to June 30, 1980, announced September 25. Shareholders' Funds £6.12m (£5.54m), medium-term loan £0.15m (£0.2m). bank overdrafts *£618,841 (£538,294). cash and bank* balances £8,703 (£6,386). On a CCA basis the historical profit before tax of £1.83m is reduced to £1.34m. Meeting, Birmingham, November 3, noon.

Downturn for Finlay Packaging

Industrial action affected Finlay Packaging, Belfast-based colour printing group, in the first half of 1980 and pre-tax profits fell from £240,000 to £207,000. Turnover amounted to £3.33m, against £2.79m in the same period last year.

Because of this action and the recession, it is impossible to forecast profits for the second half of the year, but they cannot be expected to bring profits in line with 1979, the directors say.

Stated earnings in the first half amounted to 1.25p against 1.83p, but the interim dividend is maintained at 0.4p; last year the total was 1.5p when pre-tax profits were a record £611,000.

Expansion at Jones Group

The Jones Group of Dublin reports turnover up from IR£9.97m to IR£13.03m in the first half of 1980 and pre-tax profit of £1.03m against £601,000.

Stated earnings per share are up from 5.77p to 9.97p. There is no tax charge (£3,000) and based *on the capital expenditure* programme and estimated profit, there should be no requirement for tax provision at the year-end.

MINING NEWS

MMC acquires diamond cutter

BY GEORGE MILLING-STANLEY

THE FUTURE of a diamond-cutting plant that was once a showpiece of foreign investment in Malaysia seems assured, with the news that **Malaysia Mining Corporation** is to acquire a 51 per cent stake.

The plant, **Diamond Cutting (Malaysia)**, was forced to close down in July of this year because of a sharp fall in world demand for the stones of one carat and under which it treats.

MMC, which is indirectly controlled as to 71 per cent by the Malaysian Government, plans to revive the plant on a limited scale. **Etimex**, the Antwerp-based diamond company which founded Diamond Cutting, will take a minority stake and act as manager.

Apart from saving the Malaysian Government from further embarrassment over Diamond Cutting, the acquisition will have direct benefits for MMC. Although the company is best known as a tin producer, it has interests in diamond mining through its indirect stake in the Ashton diamond project in Western Australia.

The link with MMC is expected to give Diamond Cutting some protection from market fluctuations, and beyond that the plant is to diversify its output for the same reason.

Until its closure, the plant was receiving a kilogramme of rough-sawn diamonds from **De Beers'** Central Selling Organisation, and exporting polished diamonds.

Meanwhile, MMC has announced that September output of tin concentrates by the companies in the group totalled 1,341 tonnes compared with 1,344 tonnes produced during August.

Berjuntai's output fell to 275 tonnes from 334 tonnes in the previous month, reflecting the shut-down of the No. 2 Dredge from September 2 to September 18. However, production for the five months to date, of 1,550 tonnes, is only marginally down on the 1,582 tonnes output in the same period last year.

With the notable exception of **Southern Malayan**, which has produced 530 tonnes in the past three months compared with the 473 tonnes turned out in the same period last year, all the other major producers are showing substantial shortfalls in output compared with the previous year.

Kamunting again reports no output as the No. 5 dredge is still not operating pending the acquisition of additional reserves. Thus Kamunting has produced a meagre 20 tonnes over the last six months against 308 tonnes to the end of September 1980.

Malayan Tin's output for the last three months totals 783 tonnes against 943 tonnes, **Sungei Besi's** amounts to 689 tonnes for the last six months against 978 tonnes, while **Tronoh's** production for the nine months is 1,229 tonnes, compared with 1,630 tonnes.

	Sept. tonnes	Aug. tonnes	July tonnes
Aokam	63	83	114
Ayer Hitam	128	157	98
Berjuntai	275	334	350
Kamunting	—	—	—
Kramat	29	27	27
Kuala Lumpur	18	18	21
Lower Perak	22	21	26
Malayan	270	262	251
S. Kinta Cons.	94	104	94
Sth. Malayan	195	154	181
Sungei Besi	118	104	128
Tongkah Harb.	30	33	34
Tronoh Mines	162	130	149

European steel crisis hits Nordic iron ore

THE DEEPENING recession in the European steel industry which is expected to result in EEC-imposed production limits has provoked a crisis in the Swedish and Norwegian iron ore industries.

The Norwegian state-owned mining company **Syd Varanger** at Kirkness, North Norway, is to lay off all its 1,200 workers from November 1 until further notice. The Swedish state mining company **LKAB** is proposing to lay off 4,400 workers for two weeks.

Both companies blame rapidly falling demand for their iron ore pellets in the European steel market. Many steelmakers are now carrying high stocks of iron ore and pellets and because of gloomy market prospects are unwilling to finance further purchases of raw materials for stocking.

Syd Varanger lost NKr 20m (£1.7m) in the first half of the year compared with a loss of NKr 50m in the first half of 1979. The group's pellet production rose to 1.48m tonnes in the first half of the year compared with 1.29m tonnes for the same period in 1979.

The management of LKAB has started talks with local union leaders about the lay-offs which would entail the closure of the Kiruna and Malmberget mines in North Sweden for the two weeks.

The company expects ore and pellet deliveries this year to fall to between 21m tonnes and 22m tonnes compared with 26.7m tonnes delivered last year.

LKAB is anticipating a loss of about SKr 300m (£30m) instead of the SKr 80m loss set as the target earlier this year.

Canadian potash expansion

BY THE TIME the Canadian state-owned **Potash Corporation of Saskatchewan** finishes the second stage of the expansion of its Lanigan project in 1983, it will have spent C$430m (£154m), reports **John Soganich** from **Toronto**.

At full production, the Lanigan mine and treatment plant will almost triple its annual output of potassium chloride to 3.2m short tons per year. This will make it, according to Potash, the largest single-shaft potash operation in the world.

The expansion of Lanigan is part of the company's capital spending programme of C$2.5bn over the next 10 years.

In a separate development, Potash plans to start construction of a C$600m potash mine and refinery at its Bredenbury site in eastern Saskatchewan early in 1982. This mine is expected to have a rated capacity of 3.6m short tons of potash a year when it is completed in 1986.

BIDS AND DEALS

Premier Oilfields to keep CPR stake below 30%

Premier Consolidated Oilfields intends to keep its stake in **Cambridge Petroleum Royalties** below 30 per cent if its offer for shares in the UK company is accepted.

Premier said yesterday that its offer to buy from Cambridge Royalty Company of the U.S. its 500,000 shares in CPR, as well as one million shares on which CRC has an option at £1.75 a share, was worth £3.15m, of which £1.75m would be injected into CPR.

The offer by Premier is worth £2.10 a share and has been rejected by CRC, which has launched its own bid for all shares in CPR which it does not own. Premier said soundings among some of CPR's major UK shareholders led it to the view that the scheme of arrangement by CRC faced considerable opposition.

With the support of other shareholders, Premium said it wanted to maintain CPR as an independent royalty company. It would be prepared to help in the company's management.

MIDLAND BANK

The directors of Crocker National Corporation have approved terms of an investment agreement whereby Midland Bank will buy 57 per cent of Crocker.

Directors of Midland Bank approved the deal earlier this week.

Crocker also announced some top management changes designed to pave the way for the Midland merger. Mr. John Place, 54, now president of Crocker National Corporation, will become chairman of the Board and chief executive of Crocker National Bank, the corporation's principal subsidiary.

Mr. Thomas Wilcox, the current chairman, will continue as chairman of Crocker National Corporation until September, 1982.

BOVIS S.E. ASIA/ BRIAN CHANG

time asked Express Dairies to

Bovis South East Asia BHD says that **Brian Chang Holdings PTE** has no intention of making an offer for its remaining issued shares.

Last week Brian Chang acquired the entire issued share capital of P and O Asia (Holdings), Hong Kong, which in turn owned 80.02 per cent of Bovis' issued capital.

Bovis says that since control of the company only passed to Brian Chang on October 3, it is too early to announce full details of its likely future, but adds that Brian Chang Holdings intends to retain and expand Bovis' two principal activities—the granite quarry and construction businesses.

ASSOCIATES DEALS

Halliday Simpson and Company yesterday purchased 20,000 **Bernard Wardle and Company** at 29p on behalf of **Birmingham and Midland Counties Trust**, which is an associate of Ferguson Investments.

On October 6 S. G. Warburg and Co., as an associate of **Kayser Bondor**, and **Macanie (London)** bought on behalf of a discretionary investment client 250,000 ordinary of Courtaulds at 59p.

REED COMPANIES' MERGER PLAN

Reed International announces that shareholders of Reed Paper, its Canadian subsidiary, have approved the amalgamation of their company with Reed Ltd and Reed-Anglo. As a result of this amalgamation, all shareholders, apart from a subsidiary of Reed International, will receive redeemable shares with a par value of C$12.75 each.

As announced on July 8, Reed Paper intends to redeem these shares within 14 days. Following the redemption, Reed Paper will become a wholly-owned subsidiary of Reed International.

SHARE STAKES

Ductile Steels — Britannic Assurance Company acquired 92,500 shares making holding 1m (7.74 per cent).

Cardinal Investment Trust — Sun Life Assurance Society has acquired 251,000 deferred shares making holding 1,773,680 (11.98 per cent).

Brickhouse Dudley—Britannic Assurance Company holds 1,365,000 shares (9.1 per cent).

Barclays Bank — P. E. Leslie, director, holds £1,227 ordinary stock beneficial and £4,147 non-beneficial.

Provincial Cities receives an approach

PROVINCIAL CITIES TRUST, which is managed by James Finlay Investment Management, has received an approach that may lead to an offer being made for the company.

This announcement came during after-hours trading and the shares closed the day unchanged at 31p. At this price, which compares with a net asset value at May 31, 1980 of 33.9p, the trust is valued at £1.5m.

The latest accounts show that James Finlay and Company has a stake of 29.82 per cent of the equity. Other large holders are Eagle Star Group with a 17.04 per cent interest, and Cornhill Insurance with 12.36 per cent.

Investments at valuation at May 31 stood at £1.77m. A geographical analysis of the portfolio shows that 94.3 per cent was invested in the UK.

Anglo Met. offer declared unconditional

The offer by **Anglo Metropolitan Holdings** for **West Kent Estates** has been accepted in respect of 29,045 new shares and by the same number of deferred shares together representing 96.82 per cent of West Kent.

The offer has been declared unconditional in all respects and remains open until further notice.

Movitex companies sold

THE TWO principal trading companies of **Movitex**, the sign-writing and record pressing group which went into receivership last month, have been sold.

Mr. Anthony Locke of Robson Rhodes, the Receiver, announced yesterday that he had sold Orlake, the record-pressing business as a going concern to **Forward Technology Industries**. The business and assets of Movitex Signs were sold to **Sign and Metal Industries Group**.

Orlake's business is to be expanded and Wondersigns, the Sign and Metal subsidiary which now owns the sign business, intends to continue producing the full range.

The Board of Movitex, which had been restructured late last year, called in receivers at the beginning of September because of "an acute shortage of capital."

Shareholders were sent unaudited figures for the year to February which showed a dramatic restatement of the financial position for the previous year and a pre-tax loss of £126,000 for the year under review.

PROGRESSIVE SECS. VALUE

A value of £2.44m, or 108.7p a share, has been put on the net assets of **Progressive Securities Investment Trust**, for which Hawley Leisure has made a successful offer.

The valuation was carried out by Peat Marwick Mitchell, Progressive's auditors, under the terms of the offer. Accepting shareholders of Progressive will thus receive 262.24 new Hawley shares for every 100 new ordinary shares, or one new Hawley share for every 100 deferred.

Shareholders who have elected to receive cash will get £115.55 for every 100 new ordinary shares and 40p for every 100 deferred. The offers are now fully unconditional and the capital reorganisation of Progressive has thus become effective.

H. MARSH INTO RECEIVERSHIP

Mr. David K. Wilson, a partner in the Newcastle-upon-Tyne office of Peat Marwick Mitchell and Co., has been appointed receiver and manager of **H. N. Marsh and Co.** and its subsidiaries.

Marsh is a private company engaged in providing construction vehicles and plant for hire.

BANK RETURN

	Wednesday October 8 1980	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
	£	£
Liabilities		
Capital	14,553,000	—
Public Deposits	35,299,277	— 23,178,769
Bankers Deposits	363,876,667	— 321,501,435
Reserve & other Accounts	686,878,194	+ 83,783,368
	1,100,607,138	— 260,896,836
ASSETS		
Government Securities	585,550,856	— 6,065,000
Advances & Other Accounts	290,474,734	— 9,282,697
Premises Equipment & Other Secs.	218,717,048	— 235,759,432
Notes	5,589,641	— 9,776,284
Coin	274,869	— 13,423
	1,100,607,138	— 260,896,836
ISSUE DEPARTMENT		
	£	£
Liabilities		
Notes Issued	10,175,000,000	—
In Circulation	10,169,410,359	+ 9,776,284
In Banking Department	5,589,641	— 9,776,284
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	8,888,772,952	+ 34,317,167
Other Securities	1,275,211,948	— 34,317,167
	10,175,000,000	—

OIL AND GAS NEWS

Amax finds hydrocarbons at Noonkanbah

TRACES OF hydrocarbons have been found in the Fitzroy River No. 1 exploratory well drilled on the controversial Noonkanbah Station in Western Australia's Canning Basin.

Drilling at Noonkanbah was the subject of concerted opposition by Aboriginal leaders and others who claimed that the site is sacred ground.

The well is being drilled by **Amax**, as operator for a group of companies comprising **Australian Consolidated Minerals**, **International Energy and Whitestone**.

ACM reported yesterday that the traces were encountered in a tight section between the interval 2,095 and 2,130 metres. No tests are currently planned and the well is drilling ahead at 2,161 metres. Target depth of the well is 3,810 metres.

ACM has a 5 per cent interest in the well and licence area. Amax has a 15 per cent interest in the well and area as well as a 33 per cent holding in ACM.

* * *

The fifth well of a series to outline the limits of the Dullingari Murta oil reservoir in South Australia's Cooper Basin was spudded last Monday.

The latest well, Dullingari No. 9/DM5 has a target depth of 5,220 ft and is currently running surface casing at a depth of 602 ft.

Interests in the well and the series are **Santos** 50 per cent, **Delhi Petroleum**, 30 per cent, **Vamgas**, 10 per cent and **South Australian Oil and Gas**, 10 per cent.

Dullingari No. 9/DM5 is located four kilometres north west of Dullingari No. 8/DM4 which produced a flow rate of 2,385 barrels of oil a day with a surface pressure of 220 psi.

The first of the current series of well flowed at a rate of 750 barrels a day, the second was dry and the third recovered only drilling mud.

The original discovery of the Murta oil accumulation was made in 1978 when the Strzlechi No. 1-well produced a flow of 2,400 barrels a day. The subsequent flows indicate a possible small-scale commercial oilfield.

* * *

The Hekja 0-71 well drilled in the Labrador Sea by a consortium of companies with **Aquitaine** as operator showed a maximum flow of gas of 9.5m cubic feet daily, plus condensate (very light oil) of 54 degree API at a rate of 106 barrels a day from the interval between 3,203 and 3,278 metres.

The well reached a total depth of 4,566 metres and is being abandoned.

Hekja 0-71 was drilled on a 1.2m acre block in which interests are **Aquitaine Canada**, 40 per cent, **Petro-Canada**, 15 per cent, **Soquip**, 15 per cent, **Hudson's Bay Oil and Gas**, 10 per cent, **Pancanadian Petroleum**, 7.5 per cent, **Home Oil**, 7.5 per cent and **Murphy Oil** 5 per cent.

* * *

Texaco Canada says that its Texaco Pembina 3-22-49-11 wildcat well in the West Pembina area of West Central Alberta tested 2,415 barrels of oil a day from a 223 ft zone below 9,350 ft. Three additional wildcat wells are being drilled by Texaco in West Pembina.

* * *

The Nova Scotia Government sees a significant increase in oil and gas exploration and drilling activity in its waters over the next few months, reports our Toronto correspondent.

The Government expects to see at least three drilling rigs in operation, with the major companies involved **Mobil** and **Shell**.

* * *

Great Basins Petroleum of the U.S. has completed the sale of its Doublas Arch property in Colorado and Utah to **Coseka Resources** of Calgary for US$25.5m. Great Basins' total gain of the sale, about $18m, will be used to reduce debt in the U.S. and Canada.

* * *

The Zeepard No. 1 well currently being drilled by the **BHP-Esso** partnership on the North West Shelf's Exmouth Plateau is at a depth of 4,134 metres and drilling ahead. Progress for the week was 102 metres.

CONTRACTS AND TENDERS

COMPANY NOTICES

TRAVEL

LEGAL NOTICE

Early Wall St. decline of 3.7

AN EASIER tendency prevailed on Wall Street in active early dealings yesterday as investors grew more nervous about continued fighting between Iraq and Iran.

The Dow Jones Industrial Average receded 3.67 to 960.32 at 1 pm, while the NYSE All Common Index lost 20 cents to $75.82 and declines led rises by a seven-to-six margin. A total of 34.12m shares had changed hands by 1 pm, compared with 31.75m at mid-session on Wednesday.

Analysts said the concensus view that interest rates have peaked had already largely been factored into stock prices, as was the expectation that Citibank would cut its Prime Rate today.

The Mideast worries, on the other hand, sparked off a rise in the Gold Bullion price, and in turn, prompted an advance in Precious Metal issues.

Computer Sciences fell 4¾ to $23⅝. A Federal grand jury indicated Computer Sciences and several of its officers on charges of racketeering, conspiracy and mail fraud related to the sale of time sharing services to the Federal Government.

Communications Satellite eased ⅜ to $44¾. The Federal Communications Commission proposed that Comsat form two companies, a parent and a subsidiary, to split domestic and world operations.

Ford Motor slipped ⅜ to $28. It held its dividend unchanged at 30 cents a share.

Anheuser-Busch put on ¾ to $29⅞ after raising its dividend. General Host added ⅛ at $17⅞. Host management is to recommend a dividend rise in the 1981 first-quarter.

Chemical New York gained ½ to $41¾. The company reported sharply higher third-quarter net profits. Great Western Financial's September quarter net earnings were down sharply and it lost ⅜ to $20¼.

THE AMERICAN SE Market Value Index lost 1.07 to 345.60 at 1 pm. Volume 4.10m shares (4.36m).

Canada

Markets were mixed to firmer after an active morning session, with Golds making a strong showing. The Toronto Composite Index was barely changed at 2,288.2, but Golds rose 117.6 to 6,198.3, Metals and Minerals 5.3 to 2,414.8 and Banks 2.01 to 369.48.

Tokyo

There was a revival of demand for Oils, Light Electricals, some large capital issues and a number of other Blue Chips and Populars. However, the overall market retained an easier bias, and foreign investors were again deterred from active buying by the yen's recent sharp rise against the U.S. dollar.

The Nikkei-Dow Jones Average, after Wednesday's decline of 34.58, regained 14.97 at 7,130.30, while the Tokyo SE index rallied 1.28 to 492.47, but declines outscored gains on the First Market section by 326 to 279. Turnover showed a modest increase to 320m shares from the previous day's 300m.

TDK Electronics put on Y120 to Y3,040, Sony Y40 to Y3,150, Hitachi Y3 to Y332, Arabian Oil Y60 to Y3,110, Nippon Oil Y30 to Y1,480, Matsushita Electric Y11 to Y837, Canon Y8 to Y702, Victor Y40 to Y1,960 and Olympus Y50 to Y1,110.

Some Pharmaceuticals were lower on fresh profit-taking, but Green Cross improved Y20 to Y1,940 and Takeda Y8 to Y663.

Australia

Share prices staged a solid recovery as bargain hunters shrugged off Federal Election consideration and bought stocks weakened by two days of heavy selling.

Almost every area of the market saw some improvement, including the politically-sensitive Uranium sector, which was one of the hardest hit by indications in recent opinion polls of a big swing to the opposition Labor Party.

The Sydney All Ordinaries Index, following a two-day retreat of 47.70, retrieved 11.03 at 960.83. Brokers said the rise recouped about A$500m of the estimated A$2.5bn in market capitalisation wiped out in the previous two days. The Metals and Minerals index picked up 130.91 at 6,394.63 although the Oils index was only 1.99 firmer at 816.56.

Queensland Mines led the Uraniums with a 40 cents rally to A$8.00, while Pancontinental regained 30 cents to A$7.60, Peko 30 cents to A$11.10 and EZ 20 cents to A$6.80.

An encouraging report from the Lake Argyle diamond prospect in Western Australia left CRA 40 cents up at A$6.20 and partner Ashton Mining 20 cents stronger at A$3.00.

GMK picked up 50 cents to A$10.30 in Golds, while elsewhere in Minings, MIM put on 11 cents to A$5.06 and Western Mining 16 cents to A$5.56. Woodside firmed 7 cents to A$3.02 and Hartogen 20 cents to A$5.70 in the Oils sector.

Germany

Bourse prices were inclined to improve, returning to a week-long firming trend after a brief technical downturn on Wednesday. There was a marked increase in trading volume, while the Commerzbank index gained 3.8 to 740.8.

Traders said the market continued to be buoyed by optimism about interest rates and growing market expectations that the Bundesbank would lower the leading rates at its meeting next Thursday.

Metals issues were partcularly strong, with Metallgesellschaft rising DM 5.80 to DM 319.80 and Degussa DM 4.60 to DM 264.50.

The Domestic Bond market recorded small gains and losses, but the Bundesbank was able to dispose of DM 20.8m from its intervention portfolio. Mark Eurobonds were firm.

Hong Kong

Stocks generally resumed their advance in further very heavy dealings, following Wednesday's easier showing on profit-taking. The Hang Seng index climbed 22.00 to a new seven-year high of 1,340.46. Total volume on the four exchanges came to HK$596.59m, almost equalling the previous day's HK$596.14m.

Interest centred on Wheelock Marden as rumours again emerged that there could be a bid to take a controlling stake in the company. Wheelock "A" added 40 cents at HK$6.60, with associates Lane Crawford rising 10 cents to HK$7.40 and Hongkong Realty 35 cents to HK$7.50.

Jardine Matheson again featured because of a shortage of scrip, moving ahead 70 cents to HK$28.40. Hutchinson, HK$14.70, also added 70 cents.

Paris

The French Government's announcement that it will float a FFr 9bn State Loan on the Domestic Bond market later this month, depressed stock market sentiment, and shares mainly lost ground in moderate activity.

Brokers said the State Loan—consisting of seven-year 13.8 per cent nominal interest Debentures—would mop up much of the market's liquidity in the next two weeks.

Despite announcing higher first-half 1980 profits, Cie Francaise des Petroles shed FFr 3 to FFr 26

Johannesburg

Gold shares firmed on the higher bullion price, but trading was quiet ahead of the long weekend. Small two-way overseas business was noted. Heavyweights were generally between 50 to 100 cents up, while Mediums and Lightweights gained five to 50 cents.

Platinums fell with Rustenburg down 35 cents to R8.60 on market disappointment with the final dividend. Mining Financials tended to ease, but Amgold strengthened R3 to R145.

Closing prices for North America were not available for this edition.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, October 8, 1980. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.2205
Algeria	Dinar	3.8325
Andorra	French Franc	4.1812
	Spanish Peseta	73.775
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Argentine Peso	1931.50
Australia	Australian $	0.8503
Austria	Schilling	12.755
Azores	Portug. Escudo	50.15
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3778
Balearic Isles	Spanish Peseta	73.775
Bangladesh	Taka	14.7786
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	28.935
	B. Franc (F)	29.135
Belize	Belize $	2.00
Benin	C.F.A. Franc	209.06
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.72
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.7735
Brazil	Cruzeiro	57.49
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.1025
Bulgaria	Lev	0.879
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
CamerounRepub'c	C.F.A. Franc	209.06
Canada	Canadian $	1.1674
Canary Islands	Spanish Peseta	73.775
Cape Verde Isle	Cape V. Escudo	36.51
Cayman Islands	Cay. Is. $	0.836
Cent. Af. Rep.	C.F.A. Franc	209.06
Chad	C.F.A. Franc	209.06
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.4907
Colombia	Col. Peso (O)	48.82
Comoros Islands	C.F.A. Franc	209.06
Congo (Brazaville)	C.F.A. Franc	209.06
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.70
Cyprus	Cyprus Pound	0.3513
Czechoslovakia	Koruna (O)	5.50
Dem. Rep. S'oTome & Principe	S. Tome Dobra	34.3197
Denmark	Danish Krone	5.554
Djibouti Rp. of	Djibouti Franc	171.326
Dominica	E. Caribbean $	2.7025
Dominican Repub.	Domin'cn Peso	1.00
Ecuador	Sucre	28.10
Egypt	Pound (3)	0.69
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	73.775
Ethiopia	Birr (O)	2.0855
Faroe Islands	Danish Krone	5.554
Falkland Islands	Falkland Is. £*	2.3931
Fiji Islands	Fiji $	0.796
Finland	Markka	3.6575
France	French Franc	4.1812
French C'ty in Af.	C.F.A. Franc	209.06
French Guiana	Local Franc	4.1812
French Pacific Is.	C.F.P. Franc	74.3805
Gabon	C.F.A. Franc	209.06
Gambia	Dalasi	1.6715
Germany (East)	Ostmark (O)	1.8024
Germany (West)	Deutschemark	1.8024
Ghana	Cedi	2.75
Gibraltar	Pound*	2.3931
Gilbert Is.	Kiribati	0.8503
Greece	Drachma	42.825

COUNTRY	CURRENCY	VALUE OF DOLLAR
Greenland	Danish Krone	5.554
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.1812
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	33.3716
Guinea Republic	Syli	18.7225
Guyana	Guyanese $	2.5553
Haiti	Gourde	5.00
Honduras Repub.	Lempira	2.00
Hong Kong	H.K. $	5.009
Hungary	Forint (O)	28.00
Iceland	I. Krona	526.10
India	Ind. Rupee	7.72
Indonesia	Rupiah	625.00
Iran	Rial	70.00
Iraq	Iraq Dinar	0.2953
Irish Republic	Irish Punt*	2.0915
Israel	Israeli Pound (4)	58.90
Italy	Lira	858.70
Ivory Coast	C.F.A. Franc	209.06
Jamaica	Jamaican Dollar	1.7835
Japan	Yen	208.37
Jordan	Jordan Dinar	0.293
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.3266
Korea (Nth)	Won	0.94
Korea (Sth)	Won	622.10
Kuwait	Kuwait Dinar	0.2672
Lao P'pls D. Rep	Kip of Lib.	16.00
Lebanon	Lebanese Pound	3.4582
Lesotho	Loti	0.715
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	1.6363
Luxembourg	Lux Franc	28.935
Macao	Pataca	5.305
Madagascar D. R.	MG Franc	209.06
Madeira	PortugueseEscudo	50.15
Malawi	Kwacha	0.8015
Malaysia	Ringgit	2.126
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	418.12
Malta	Maltese Pound	0.341
Martinique	Local Franc	4.1812
Mauritania	Ouguiya	41.812
Mauritius	M. Rupee	7.5845
Mexico	Mexican Peso	23.065
Miquelon	French Franc	4.1812
Monaco	French Franc	4.1812
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	3.9758
Mozambique	Moz. Escudo	28.3732
Namibia	Rand	0.715
Nauru Is.	Aust. $	0.8503
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	1.9595
NetherlandAntilles	Antillian Guild	1.80
New Zealand	NZ $	1.0189
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	209.06
Nigeria	Naira (O)	0.5443
Norway	Norw'g Krone	4.8595
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00

COUNTRY	CURRENCY	VALUE OF DOLLAR
Papua N.G.	Kina	0.6474
Paraguay	Guarani	137.30
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	309.00
Philippines	Ph. Peso	7.563
Pitcairn Islands	NZ $	1.0189
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	50.15
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.678
Reunion Ile de la	French Franc	4.1812
Romania	Leu	4.47
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	2.3931
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	4.1812
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S. $	1.00
San Marino	Italian Lira	858.70
Saudi Arabia	Saudi Riyal	3.319
Senegal	C.F.A. Franc	209.06
Seychelles	S. Rupee	5.5702
Sierra Leone	Leone	1.1923
Singapore	Singapore $	2.1025
Solomon Islands	S.I. $	0.8503
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.715
Spain	Peseta	73.775
Spanish Ports in North Africa	Sp. Peseta	73.775
Sri Lanka	S. L. Rupee	15.92
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.715
Sweden	S. Krona	4.153
Switzerland	Swiss Franc	1.6353
Syria	Syria Pound	3.9262
Taiwan	New Taiwan (O)	36.00
Tanzania	Tan Shilling	8.1898
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	209.06
Tonga Islands	Pa'anga	0.8503
Trinidad & Tob.	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.3985
Turkey	Lira	80.00
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.8503
Uganda	Ug. Shilling	7.3266
United Arab Emir.	UAE Dirham	3.688
United Kingdom	£ Sterling*	2.3931
Upper Volta	C.F.A. Franc	209.06
Uruguay	Urug. Peso	9.47
U S.S.R.	Rouble	0.664
Vanuatu	Aust. $	0.8503
Vanuatu*	FNH (5)	67.5695
Vatican	Italian Lira	858.70
Venezuela	Bolivar	4.2937
Vietnam N.	Dong (O)	2.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.8795
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	26.00
Zaire Republic	Zaire Zaire	1.9839
Zambia	Kwacha	0.7768
Zimbabwe	Zim $	0.6267

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Israeli Government are changing their currency to Shekels. However dealers are currently quoting in pounds.
(5) New Hebrides Independence 30/7/80 now named Vanuatu.

Companies and Markets

CURRENCIES, MONEY and GOLD

$ & £ firm

Trading remained quiet in the foreign exchange market yesterday, with the dollar generally firm in slightly higher Eurodollar interest rates. Sterling improved on demand from New York following favourable reaction to the UK Central Government Borrowing Requirement in September, and speculation that Minimum Lending Rate is unlikely to fall within the next week or so. The pound opened at $2.3900-2.3910, and fell to $2.3885-2.3895 in the morning, before touching a peak of $2.3985-2.3995 in the afternoon, closing at $2.3965-2.3975, a rise of 35 points on the day. Sterling's trade-weighted index, as calculated by the Bank of England, rose to 76.1 from 75.8, after opening at 75.9 and standing at 75.9 at noon.

The dollar's index, on Bank of England figures, was unchanged at 83.4.

The U.S. currency rose to DM 1.8055 from DM 1.8035 against the D-mark, and to Y208.90 from Y208.30 in terms of the Japanese yen. It eased to SwFr 1.6350 from SwFr 1.6385 against the Swiss franc however.

D-MARK—One of the weaker members of the European Monetary System and lower against the U.S. dollar on firmer U.S. interest rates. The German currency is close to a four month low against the dollar and a four year low in terms of sterling—A slight firming of Eurodollar interest rates helped the dollar rise to DM 1.8059 from DM 1.8033 at the Frankfurt fixing in very quiet trading. The central bank probably did not intervene in the open market, but sold $2m at the fixing. There was no news to influence trading, and the market is likely to remain quiet ahead of the long holiday weekend in the U.S. Sterling was also firmer at the fixing, rising to DM 4.3210 from DM 4.3140. The strongest member of the EMS—the Dutch guilder—improved to DM 92.00 per 100 guilders from DM 1.995, and the second strongest currency—the French franc—also rose slightly despite France's growing trade deficit with West Germany. Latest figures indicate that France may incur a record shortfall in trade with West Germany this year.

DANISH KRONE—Recently steady around the middle of the EMS, after two devaluations in 1979.—The krone weakened against most currencies at the Copenhagen fixing. The dollar rose to DKr 5.5690 from DKr 5.5505, and sterling to DKr 13.3180 from DKr 13.3005. Within the EMS the French franc and Dutch guilder were fixed unchanged, but the D-mark, Irish punt, Belgian franc and Italian lira improved.

BELGIAN FRANC—Still weak within the EMS—despite central bank support—following resignation of Government.—The Belgian National Bank intervened to steady the franc as a result of the continuing political crisis. The Belgian currency declined against most major units at the Brussels fixing, and although yesterday's intervention was not heavy, the total this week may exceed last week's BFr 3bn.

JAPANESE YEN—Remaining firm especially against dollar, but still sensitive to possible oil supply disruptions as a result of Middle East war. The yen has recently touched an 18-month high against the dollar, reflecting a fundamental improvement in the Japanese economy.—The yen lost ground against the dollar in active trading, with the U.S. currency closing at Y210.30, compared with Y208.00 previously, and an opening level of Y208.50. Shortly before the close the dollar touched a high of Y210.50 on rumours—later denied—that an oil tanker had sunk in the Straits of Hormuz.

THE POUND SPOT AND FORWARD

Oct. 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3885-2.3995	2.3965-2.3975	0.55-0.45c pm	2.50	1.37-1.27 pm	2.30
Canada	2.7855-2.7965	2.7950-2.7960	1.37-1.27c pm	5.67	2.67-2.57 pm	3.75
Nethlnd.	4.68½-4.71½	4.70-4.71	2⅛-1⅞c pm	6.08	6¾-5¾ pm	4.99
Belgium	69.20-69.80	69.45-69.55	25-15c pm	3.45	48-38 pm	2.47
Denmark	13.30-13.35	13.32½-13.33½	½-2½ore dis	−1.41	3¼-4¾ dis	−1.20
Ireland	1.1425-1.1485	1.1470-1.1480	0.27-0.18p pm	2.35	0.51-0.42 pm	1.62
W. Ger.	4.31-4.34	4.32½-4.33½	3¼-2¾pf pm	7.27	7¼-6¼ pm	6.47
Portugal	119.60-120.40	120.05-120.25	10-50c dis	−3.00	31-140 dis	−2.85
Spain	176.35-177.20	176.95-177.05	95-135c dis	−7.80	310-380 dis	−7.87
Italy	2048-2061	2060-2061	10½-12½lire dis	−6.68	44-47 dis	−8.81
Norway	11.60-11.66	11.64½-11.65½	4½-2½ore pm	3.73	11¼-9¾ pm	3.58
France	10.00-10.04	10.02½-10.03½	4-3c pm	4.19	8¾-7¾ pm	3.09
Sweden	9.93-9.99	9.97-9.98	1ore pm-par	0.60	¼ pm-1 dis	−0.15
Japan	498-505	500-501	2.50-2.10y pm	5.51	5.85-5.80 pm	4.39
Austria	30.55-30.70	30.58-30.63	12-9gro pm	4.12	25-19 pm	2.88
Switz.	3.91-3.93½	3.91¾-3.92¾	4-3c pm	10.71	10-9 pm	9.85

THE DOLLAR SPOT AND FORWARD

Oct. 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3885-2.3995	2.3965-2.3975	0.56-0.51c pm	2.68	1.38-1.34 pm	2.28
Ireland†	2.0875-2.0900	2.0885-2.0900	0.12-0.02c pm	0.40	0.34-0.24 pm	0.55
Canada	1.1645-1.1666	1.1654-1.1657	0.21-0.16c pm	1.90	0.42-0.37 pm	1.35
Nethlnd.	1.9620-1.9640	1.9620-1.9630	0.89-0.59c pm	3.91	1.48-1.38 pm	2.91
Belgium	28.98-29.020	28.98-29.00	5.5-4 00c pm	1.97	6.80-4.00 pm	0.68
Denmark	5.5610-5.5675	5.5610-5.5625	1.00-1.50ore dis	−2.70	4.75-5.52dis	−3.69
W. Ger	1.8035-1.8075	1.8050-1.8060	0.78-0.74pf pm	5.05	2.00-1.96 pm	4.38
Portugal	50.05-50.20	50.05-50.15	15-30c dis	−5.39	40-85 dis	−4.99
Spain	73.90-74.03	73.92-73.97	55-70c dis	−10.14	170-190 dis	−9.74
Italy	859.55-860.50	858.55-859.85	6.00-7.00ore dis	−0.09	23.0-26.0dis	−0.11
Norway	4.8585-4.8628	4.8590-4.8600	0.75-0.25c pm	1.23	1.70-1.20 pm	1.19
France	4.1825-4.1900	4.1825-4.1840	0.70-0 60c pm	1.86	1.05-0.95 pm	0.96
Sweden	4.1560-4.1570	4.1560-4.1570	0.50-0.65ore dis	−1.66	2.35-2.50dis	−2.33
Japan	208.75-210.50	208.85-208.95	0.55-0.40y pm	2.73	1.15-1.00 pm	3.36
Austria	12 7625-12.787	12.7825-12.7725	2.00-1.40gro pm	1.60	3.00-1.25 pm	0.67
Switz	1.6330-1.6420	1.6345-1.6355	1.21-1.16c pm	8.70	3.10-3.05 pm	9.17

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Oct. 9	Bank of England Index	Morgan Guaranty Changes%
Sterling	76.1	−29.7
U.S. dollar	83.4	−10.1
Canadian dollar	80.5	−17.3
Austrian schilling	154.6	+23.9
Belgian franc	114.6	+12.8
Danish kroner	106.1	−5.0
Deutsche mark	153.0	+43.0
Swiss franc	198.1	+81.3
Guilder	125.6	+19.8
French franc	100.5	−6.1
Lira	52.1	−51.9
Yen	136.6	+34.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Oct. 8	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.550648	0.587155
U.S. $	11	1.31748	1.40506
Canadian $	11.80	1.53896	1.64139
Austria Sch	6¾	16.8176	17.9356
Belgium F	12	38.1246	40.6486
Danish K	12	7.31960	7.80725
D'mark	7½	2.37581	2.53333
Guilder	8½	2.58236	2.75434
French Fr.	9½	5.51036	5.87668
Lira	16½	1131.39	1206.60
Yen	8.25	273.772	292.984
Norwgn. Kr.	9	6.38846	6.81737
Spanish Pts.	8	97.2561	103.771
Swedish Kr.	10	5.47081	5.83593
Swiss Fr.	3	2.15566	2.29995

OTHER CURRENCIES

Oct. 9	£	$		£ Note Rates
Argentina Peso	4621-4641	1935-1942	Austria	30.40-30.70
Australia Dollar	2.0320-2.0340	0.8501-0.8504	Belgium	69.15-69.80
Brazil Cruzeiro	136.90-137.90	57.39-57.59	Denmark	13.24-13.34
Finland Markka	8.74-8.75½	3.6520-3.6530	France	9.96-10.04
Greek Drachma	102.058-104.605	42.75-42.90	Germany	4.31-4.35
Hong Kong Dollar	12.017-12.057	5.0225-5.0245	Italy	2065-2150
Iran Rial	n.a.	n.a.	Japan	499-504
Kuwait Dinar(KD)	0.636-0.642	0.2675-0.2677	Netherlands	4.68¼-4.72¼
Luxembourg Frc.	69.45-69.55	28.99-29.00	Norway	11.60-11.70
Malaysia Dollar	5.07¼ 5.08¼	2.1205-2.1225	Portugal	116½-127
New Zealand Dlr.	2.4390-2.4410	1.0186-1.0197	Spain	171½-180¾
Saudi Arab. Riyal	7.90-7.96	3.3195-3.3210	Sweden	9.91-10.01
Singapore Dollar	5.0125-5.0295	2.0985-2.1005	Switzerland	3.90½-3.93½
Sth. African Rand	1.7992-1.8006	0.7506-0.7512	United States	2.3835-2.3960
U.A.E. Dirham	8.78-8.84	3.6890-3.6905	Yugoslavia	72½-74¾

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 9	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.6877	+2.26	+0.93	±1.53
Danish Krone	7.72336	7.81063	+1.13	−0.20	±1.64
German D-Mark	2.48208	2.53372	+2.08	+0.78	±1.125
French Franc	5.84700	5.87797	+0.53	−0.80	±1.3557
Dutch Guilder	2.74362	2.75526	+0.42	−0.91	±1.512
Irish Punt	0.668201	0.671624	+0.51	−0.82	±1.668
Italian Lira	1157.79	1206.60	+4.22	+2.95	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Oct. 9	PoundSterling	U.S. Dollar	Deutschem'k	Japan'se Yen	FrenchFranc	Swiss Franc	DutchGuild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.397	4.330	500.5	10.03	3.923	4.705	2061.	2.796	69.50
U.S. Dollar	0.417	1.	1.806	208.8	4.184	1.636	1.963	859.6	1.166	28.99
Deutschemark	0.231	0.554	1.	115.6	2.316	0.906	1.087	475.9	0.646	16.05
Japanese Yen 1,000	1.998	4.789	8.651	1000.	20.04	7.837	9.401	4117.	5.585	138.9
French Franc 10	0.997	2.390	4.317	499.0	10	3.911	4.691	2054.	2.787	69.29
Swiss Franc	0.255	0.611	1.104	127.6	2.557	1.	1.199	525.3	0.713	17.72
Dutch Guilder	0.215	0.509	0.920	106.4	2.132	0.834	1.	437.9	0.594	14.77
Italian Lira, 1,000	0.485	1.163	2.101	242.9	4.868	1.904	2.283	1000.	1.357	33.73
Canadian Dollar	0.358	0.857	1.549	179.0	3.588	1.403	1.683	737.1	1.	24.86
Belgian Franc 100	1.439	3.449	6.230	720.1	14.43	5.644	6.770	2965.	4.022	100.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Oct. 9	Sterling	U.S.Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	16¼-16½	13¼-12¾	10-11	9⅜-9½	2½-2¾	8⅛-8⅜	11⅝-11⅞	14-17	—	9⅝-9⅞
7 days' notice	16¼-16½	12⅝-12⅞	10-11	9½-9⅞	1½-2	8⅛-8⅜	11⅝-11⅞	18½-21	12⅝-12¾	10¼-10½
Month	16-16⅛	13⅛-13⅜	10⅜-10½	9¾-10	4¾-4⅞	8½-8⅝	11⅛-11⅜	22-23¼	13⅛-13⅜	10¾-11
Three months	15⅛-15⅜	12⅞-13⅛	11⅜-11½	10-10¼	5⅜-5½	8½-8⅝	11⅞-12⅛	24-25	12⅞-13⅛	10¾-11
Six months	14⅛-14⅜	12⅞-13⅛	11⅞ 12¼	10⅛-10⅜	5⅛-5⅜	8½-8⅝	12⅛-12⅜	24-25	12⅞-13⅛	10½-10⅝
One Year	13⅛-13⅜	12½-12¾	12 12⅜	10⅛-10⅜	5⅛-5⅜	8⅛-8⅜	12⅛-12⅜	23-24	12⅛-12⅜	9⅞-10⅛

Long-term Eurodollar two years 12⅝-12⅞ per cent; three years 12⅝-12⅞ per cent; four years 12⅝-12⅞ per cent; five years 12⅝-12⅞ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 12.65-12.75 per cent; three-months 12.80-12.90 per cent; six-months 12.60-12.70 per cent; one-year 12.30-12.40 per cent.

INTERNATIONAL MONEY MARKET

French rates steady

Interest rates showed little movement in Paris yesterday, apart from very short term rates. Call money rose to 11¾ per cent from 11½ per cent, while longer period rates were unchanged. At the same time the Bank of France injected liquidity into the market by buying FFr 6bn of first category paper at an unchanged rate of 11¼ per cent. The last purchase made by the Bank was on September 19.

In Amsterdam call money was slightly firmer at 9⅞ per cent compared with 9½ per cent on Wednesday, with period rates also showing a slightly firmer tendency.

A press conference is to be held after next week's meeting of the Bundesbank central council, at its once a year venue of Berlin. A conference is normally called when the council meets outside Frankfurt, and is not generally regarded by the market as a sign of any change in credit policies by the authorities. In the money market call money was quoted at 8.90-9.00 per cent, unchanged from Wednesday, with one and three-month money also steady. The six-month rate was easier at 8.60-8.70 per cent from 8.75-8.85 per cent, and 12-month money was lower at 8.50-8.65 per cent against 8.75-8.85 per cent previously.

In New York Treasury bill yields showed little change initially, with 13-week bills at 11.34 per cent compared with 11.32 per cent on Wednesday, and 26-week bills at 11.18 per cent compared with 11.15 per cent. Federal funds were quoted at 12¾ per cent, up from 12½ per cent, with dealers expecting some action by the Federal authorities to stem the rise later in the day.

MONEY RATES

NEW YORK	
Prime Rate	13½-14
Fed. Funds	12¾
Treasury Bills (13-week)	11.34
Treasury Bills (26-week)	11.18
GERMANY	
Discount Rate	7.50
Overnight Rate	8.95
One month	8.975
Three months	8.80
Six months	8.65
FRANCE	
Discount Rate	9.5
Overnight Rate	11.75
One month	11.625
Three months	11.8125
Six months	12.0
JAPAN	
Discount Rate	8.25
Call (Unconditional)	11.1875
Bills Discount (three-month)	11.28125

UK MONEY MARKET

Further assistance

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

Day-to-day credit remained in short supply in the London money market yesterday, and the authorities gave assistance on a small scale. This comprised small purchases of Treasury bills both from discount houses and banks, and a small number of local authority bills direct from the houses. The market was faced with a small excess of revenue transfers to the Exchequer over Government's disbursements, and the repayment of Wednesday's small market advances. In addition banks brought forward balances a moderate way below target. There were no appreciable factors in the market's favour. Houses were paying around 15½ per cent for secured call loans at the start, with later balances taken between 15¼ per cent and 15¾ per cent.

In the interbank market overnight loans opened at 16-16½ per cent and rose to 16½-16¾ per cent before coming back to 15¾-15⅞ per cent. Later in the day money was somewhat tighter, and closing balances commanded 18-19 per cent.

GOLD

Firmer trend

Gold rose $13 to close at $688-691 in the London bullion market yesterday. Trading was fairly quiet, but the metal finished at its firmest level of the day, following renewed interest in New York. Gold opened at $678-681, the day's low, and was fixed at $681.75 in the morning and $690 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 91,800 per kilo ($681.53 per ounce) in the afternoon, compared with FFr 91,800 ($681.44) in the morning, and FFr 90,700 ($674.49) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM39,660 per kilo ($682.98 per ounce), against DM 39,060 ($673.95) previously, and finished at $688-690.

In Zurich gold closed at $687-690.

	Oct. 9		Oct. 8	
Gold Bullion (fine ounce)				
Close	$688-691	(£287-288¼)	$675-678	(£282-283¼)
Opening	$678-681	(£283¾-285)	$672-675	(£280½-281¾)
Morning fixing	$681.75	(£285.166)	$674.50	(£281.770)
Afternoon fixing	$690.00	(£288.124)	$677.00	(£282.826)
Gold Coins				
Krugerrand	$711-713	(£296½-298½)	$695-697	(£290½-291½)
1/2 Krugerrand	$359-364	(£149½-152½)	$356-361	(£148-151)
1/4 Krugerrand	$181½-185½	(£75½-78½)	$180-184	(£74-77)
1/10 Krugerrand	$74-77	(£30½-32½)	$72½-75½	(£30½-31½)
Mapleleaf	$704-708	(£295½-295½)	$688½-689½	(£287¾-288)
New Sovereigns	$174-175	(£72½-73½)	$170¾-172¾	(£71¼-72¼)
King Sovs	$194½-196½	(£81-82)	$192½-194½	(£80½-81½)
Victoria Sovs	$194½-196½	(£81-82)	$192½-194½	(£80½-81½)
French 20s	$171-174		$169½-172½	
50 pesos Mexico	$849-852		$833-836	
100 Cor. Austria	$670-674		$655-659	
$20 Eagles	$786-790		$780-784	

LONDON MONEY RATES

Oct. 9 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ɸ	Eligible Bank Bills ɸ	Fine Trade Bills ɸ
Overnight	—	15¾-19	—	—	—	16¼-16⅜	15-16⅞	—	—	—
2 days notice	—	—	16	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16-16⅛	16-16⅛	—	16½	16½	15⅝-15½	—	—	—
One month	16⅛-15⅞	15⅞ 16⅛	16	16⅝-17	16⅜	16½	15¼-15⅜	14⅞	15⅞-15⅝	16½
Two months	15⅞-16⅛	16⅛-16⅜	—	15¾-16⅛	16⅛	—	14¾-14⅞	14⅝	15⅛-15⅜	16⅛
Three months	15⅛-15⅜	15⅞-16⅛	15¼-15⅜	15⅜-15¾	15⅝	15¼-16	14½	14⅛	14⅛-14⅞	15¼
Six months	14⅞ 14⅞	14½ 14⅝	14½	14⅜-14¾	14⅞	15	—	—	13⅞-13⅛	14¼
Nine months	13⅞-13¾	13⅞-14⅛	—	14¼-14⅝	14⅛	14⅝	—	—	—	—
One Year	13½-13⅜	13⅞-13⅞	13¾-13⅞	13¾-14⅛	14⅛	14⅝	—	—	—	—
Two years	—	—	13⅜-13½	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13⅝-13⅞ per cent; four years 13⅞ per cent; five years 13¾ per cent. ɸ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅜-14⅞ per cent; four-month trade bills 15 per cent.

Approximate selling rate for one-month Treasury bills 14⅞-14⅝ per cent; two-months 14½-14⅝ per cent; three-months 14⅛-14⅛ per cent. Approximate selling rates for one-month bank bills 15⅜-15⅞ per cent; two-months 15⅛-15⅜ per cent; three-months 14⅞-14¾ per cent; one-month trade bills 16½ per cent; two-months 16⅞ per cent and three-months 15 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from October 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.2617 per cent.

Energy Review: Britain

By Maurice Samuelson

Dilemma for energy managers

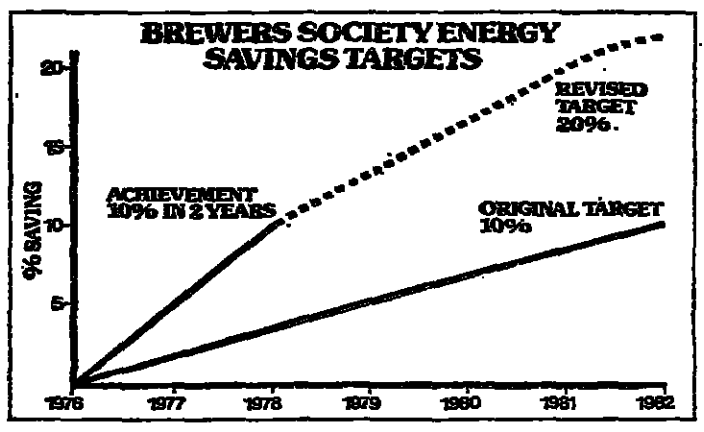
THE ENERGY managers of Britain, those most responsible for making industry and commerce more fuel efficient, appear to be suffering a mild bout of schizophrenia about Government policy towards energy conservation.

The schizophrenia is caused by knowing that while it is only painful fuel prices which are forcing the country to improve efficiency, many of the necessary technological changes are being paralysed by the economic recession, high interest rates and the Government's bias against pump-priming handouts to industry.

The conflicting symptoms were in full view at this week's fourth National Energy Management Conference at the Birmingham National Exhibition Centre. It was attended by more than 500 of the 7,000-strong movement which has been encouraged and fostered by successive Governments since the 1974 oil price explosion.

On the eve of the conference, it was even rumoured that a group of energy managers would stage a walk-out to show their dissatisfaction with Whitehall's parsimony towards a cause which it gives so much verbal support. The demonstration did not happen, but the disquiet was evident when Mr. David Howell, Energy Secretary, opened the conference with his routine reminder that conservation should not be a "hair shirt" movement of discomfort but a search for profits through efficiency.

Several of his listeners teased him with claims that British industry was receiving less protection from energy price rises than some of its foreign competitors. They pointed with alarm to the growing proportion of energy in final production costs, and echoed recent complaints to the Government by the Confederation of British Industry and the Paper and Board Manufacturers' Federation.



Mr. "Spen" King of BL told the Minister that France and West Germany were spending more on economic vehicles than Britain: he also said the Government was spending too much on defence research and too little on industry. The energy managers' inner conflict was expressed most clearly by Mr. Charles O'Malley, chairman of the Cotswold group of energy managers, and energy co-ordinator of Spirax Sarco, a leading manufacturer of steam line equipment. His group is one of the 70 set up after the 1973 Yom Kippur War in the Middle East under the joint aegis of the Departments of Industry and Energy.

Mr. O'Malley preaches energy efficiency with the fervour of a Seventh Day Adventist. But even though he is a convinced suporter of the Government's monetarist objectives, he is only too aware of the difficulties of reconciling them with the need to instal new plant.

"The Government's fiscal policies and the high interest rates are in conflict with energy conservation policies and industry is simply not equipped financially to consider taking medium and sometimes even short-term measures," he said. Although companies could easily win readily identifiable returns through inexpensive "housekeeping" campaigns, cash flow squeeze was holding up investments that would not show a profit in less than two years.

While not excusing industrialists themselves—"too many of them don't take conservation seriously enough" — Mr. O'Malley admitted that his dilemma was political: and he suggested a highly political solution. Instead of the British Government coming to the aid of British industry, the remedy should be sought in Europe.

Mr. David Howell

Loans for making British industry more energy efficient, he said, should come from the European Economic Community and should be a quid pro quo for Europe's access to Britain's offshore oilfields. With German and French bank rates half those of Britain, European banks could lend to British industry at less than the UK MLR. "If they want to share our oil, they should share some monetary assistance with us as well."

Comments like that were, however, exceptional at what was, after all, an intensive exchange of practical energy saving experience and knowhow. In this respect, too, the conference was more constructive than the one held a year ago. (The 1979 gathering had an international status as part of the International Energy Agency's world-wide conservation month.)

Significantly, while last year's conference was more widely publicised, the attendance at this week's gathering was more impressive. This time, Mr. Howell turned up in person — even though it was Day One of the Tory conference— rather than sending Mr. John Moore, junior Minister for Coal and Conservation. Dr. Ulf Lantzke, the executive director of the International Energy Agency, also attended.

Above all, though, it was the case histories and the discussions which marked this year's conference. The growing specialisation of energy management was reflected, too, in the decision to adjourn into separate "streams" for industry, the public sector, and commerce and retail.

The whole conference, however, listened to the reports by BL, Courtaulds and Allied Breweries which collectively employ more than 250,000 people and consume huge quantities of energy. The first two often report their affairs under a thick cloud of gloom. But this time, together with Allied, they discussed how they hope to emerge tougher, if leaner, from the current recession.

Referring only casually to the Mini Metro, launched on Wednesday, Mr. King deputy chairman of BL technology, explained the company's quest for cars which will be even more fuel efficient than BL's new baby. He singled out its attempt to develop three-cylinder engines and designs for aerodynamic bodies with lightweight aluminium panels, easily replaced if damaged.

Final checks on the Mini-Metro at BL's Longbridge plant

Energy saving is also a key feature of BL's Longbridge plant where the Metro is made. The plant has minimum roof and wall glazing and a high standard of insulation. Compared with the BL plants built in the 1950s and 1960s, the West Works body plant for the Metro had 65 per cent lower heat loss. High pressure sodium lights in the same plant cut lighting bills by 40 per cent.

Meanwhile, BL is also making heat pumps run on oil or gas which, Mr. King claimed, can cut fuel consumption for space heating by almost half.

Courtaulds, another of the struggling giants of British industry, also demonstrated how it was trying to tackle energy costs. In the company's UK group, these have risen from little more than one tenth to nearly one quarter as a proportion of value added in the past nine years and in fibre-making they acount for 15 per cent of total costs. Thanks to its conservation steps, however, Courtaulds said it used 14½ per cent less energy last year per unit of output than if the programmes had not been introduced. That represented £12m, or 17½ per cent of the last financial year's pre-tax profit. A third of these savings had been made without capital expenditure.

Some of the most far-reaching claims for energy savings came from Allied Breweries, Britain's 12th largest company, with 100,000 workers and an annual energy bill of some £30m. Although energy prices had shot up 80 per cent during the past four years, the increase in costs had been held down to 27 per cent through conservation, good housekeeping and good management. On this basis, Allied said, annual savings were of the order of 53 per cent, and yielded £2.3m, on an outlay of £600,000 in four years. Big savings have been made by other brewers and the industry as a whole has now doubled its five year conservation target (to 20 per cent by 1983).

Explanations of how this was achieved, and reports by other delegates, left most of the energy managers hopeful that with the right initiative industry would survive not only threats to oil supplies but even the present Government's monetary restraints. As one participant put it: "If the movement wants a slogan, how about: 'The impossible takes a little longer'?"

APPOINTMENTS

Tarmac group changes

Sir Campbell Adamson, director-general of the CBI from 1969 to 1976, has been appointed a non-executive director of TARMAC from November 1. Mr. Anthony Sumner is resigning from the main Board on his appointment as managing director of Data Recall.

TARMAC has made changes within its construction division and has amalgamated its regional organisation and CUBITTS' provincial operation into one management structure under Mr. J. A. Shedden, where they will continue to trade under their names. The national headquarters of Cubitts at Windsor is to close by the end of the year.

The new concentration of the division's activities in the Metropolitan area will be formed under Mr. W. K. Hall, previously Cubitts' group managing director. Tarmac National Construction, the other operating member of the division, is unaffected by the changes and will continue to undertake major road construction, civil engineering, industrial and design and construct projects.

★

Mr. John G. Silk has been appointed a non-executive director of HAMPSON INDUSTRIES and Mr. J. L. Cutler and Mr. A. H. Price have become joint managing directors. Mr. John Silk is the brother of the late chairman, Mr. T. Hampson Silk.

★

Following the acquisition by British National Life Insurance Society of the whole of the issued share capital of North Atlantic Insurance Company and North Atlantic Management Company, the management of the general insurance operations of British National and North Atlantic will be merged and Mr. Peter Fryer, Mr. Pieter Van Nek and Mr. Derrick Bailey will be appointed to the Board of British National.

Mr. W. L. Samengo-Turner continues as chairman and chief executive of British National and Mr. Fryer becomes managing director of the group in place of Mr. James Cordle, who will be returning to the U.S. to take up a senior position within the Armco Insurance Group.

Mr. R. Emmett, Mr. C. Smith and Mr. L. Miller have resigned from the Boards of the North Atlantic Companies and Mr. Samengo-Turner, Mr. H. T. Cohn and Mr. R. W. Davies have been appointed in their place with Mr. Samengo-Turner as chairman of both those concerns.

★

Mr. E. M. Worley has been appointed to the Board of the WESLEYAN AND GENERAL ASSURANCE SOCIETY. He is chairman and managing director of William King.

★

Mr. James White, who joined the board of BUNZL PULP AND PAPER in April, will be appointed joint managing director on November 1 on the retirement of Mr. Frank Davenport from that position and the board.

★

LEEDS PERMANENT BUILDING SOCIETY has appointed a third general manager. He is Mr. Edward Germaine, who has been with the society for 11 years and will now be responsible for branch and agency operations and branch and business development generally, including marketing.

★

Mr. A. J. Chaston is to become deputy chairman of HOWELLS GROUP GARAGES from January 1, 1981. He will retire as managing director on that date, and will be succeeded by Mr. J. H. Fletcher, the present deputy managing director. The company is a member of the Standard Chartered Bank Group.

PUBLIC NOTICES

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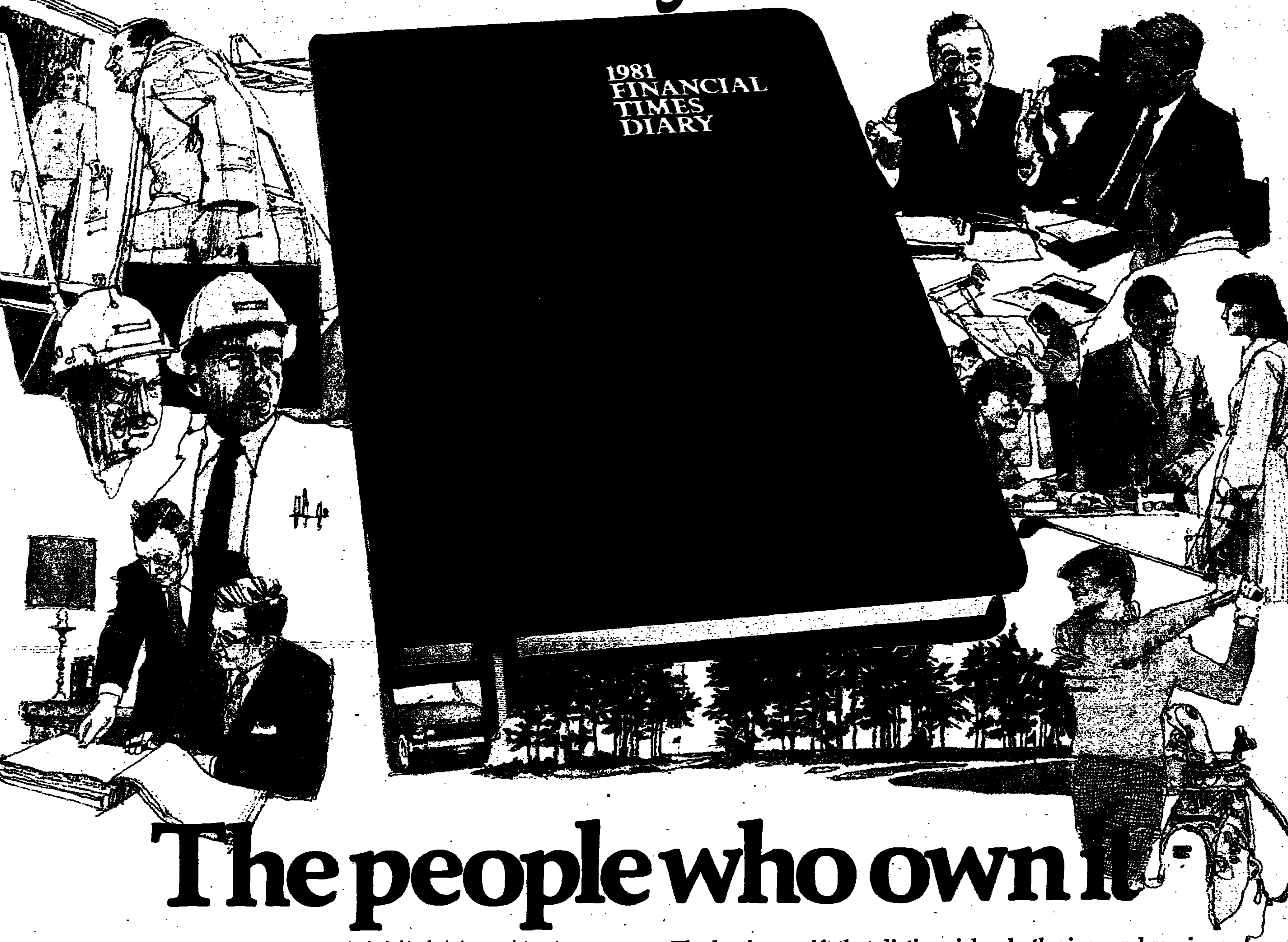

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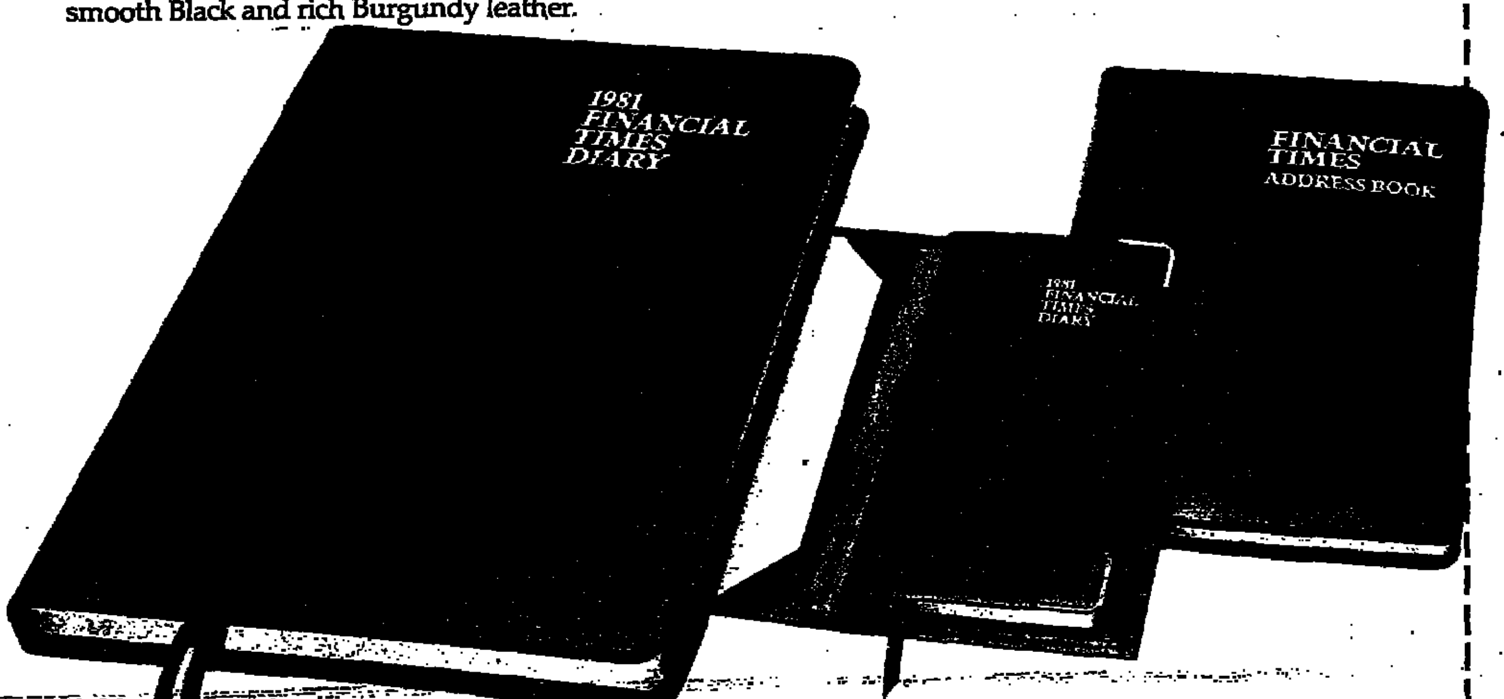

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INTERNATIONAL COMPANIES and FINANCE

Interest rate trends help leading banking groups

BY DAVID LASCELLES IN NEW YORK

TWO LEADING U.S. banks have reported strong increases in profits for the third quarter.

First National Boston Corporation, the largest bank in New England, increased net income by 40 per cent with the help of interest rate trends. Net income was $30.8m, or $2.48 a share, compared with $21.8m, or $1.77 a share, in the corresponding period last year. After nine months profits were ahead from $62.5m, or $5.08 a share, to $79.9m, or $6.45.

Meanwhile, at Chemical Bank the sixth largest bank in the U.S., net earnings before securities transactions advanced by 26 per cent from $35.6m to $44.9m, or from $2.26 a share to $2.88. After securities, profits were $43.4m ($33.2m), or $2.77 against $2.10. Profits for the nine months came to $123.9m against $103.2m, and after securities transactons were $122.4m, up from $96.4m, or $7.82 a share compared with $6.09.

At First National, Mr. Richard Hill, the chairman, commented that both the third quarter and nine month increases were primarily attributable to the continued strength in net interest revenue. But he cautiond stockholders that the recent volatility in interest rates made it inappropriate to assume that the current growth rate would continue.

Last July Mr. Hill predicted to stock analysts that the bank's earnings could rise by more than 10 per cent this year.

While helping the banks, however, the interest rate trends had a quite different impact on the earnings of Great Western Financial, the country's third largest savings and loan institution which is based in California.

The company's earnings plummeted to $7.9m, or 35 cents a share, from $23.5m or $1.05, last year. Mr. James Montgomery, the president, blamed the drop on the higher interest the company was having to pay on deposits at a time when loan volume was declining because of the weakness of the housing market.

Weyerhaeuser gives eruption cost

BY OUR FINANCIAL STAFF

WEYERHAEUSER COMPANY, the leading U.S. timber group, is to make a $36m after-tax extraordinary charge in its third quarter as a result of the eruption of Mt St Helens.

The company said the pre-tax extraordinary loss from the damage and disruption caused by the eruption is expected to be about $66m. The extraordinary loss will represent the entire cost against operations of the explosion, although salvage and reafforestation operations will continue for several years.

Weyerhaeuser said that about 68,000 acres of its timber lands were affected by the eruption and by earth slides and flooding.

The company's operations had already this year been affected by the downturn in housing in the U.S. with first half earnings per share down from $2.14 to $1.62. The 29 cents a share net charge for the quarter will further reduce third quarter earnings which were likely to be below the $131.6, or $1.03 a share, achieved in the corresponding period last year.

Third quarter loss at Akzona

BY TERRY BYLAND

FALTERING SALES and rising costs have hit Akzona — a subsidiary of Akzo NV of Holland — and the predicted loss on third-quarter trading is now disclosed as $3.9m or 32 cents a share. This compares with a profit of $4.4m or 36 cents a year ago.

The board has previously said that moderate profits are possible in the final quarter. At the nine-month stage Akzona, manufacturer of fibres and other chemical items, shows net earnings of $2.8m or 23 cents a share against $18.7m or $1.53 a share.

Sales rose in the first nine months from $736.8m to $774.8m, but the third quarter recorded a slight dip, from $239.1m to $237.2m.

The third quarter setback is made worse by the inclusion of a 5 cents a share gain from capitalisation of interest expense, which contributed 16 cents to the nine-month figure. The nine-month total also takes in a 7 cents a share gain on the purchase of debentures.

New York bank lifts profits by 23%

By Ian Hargreaves in New York

J. P. MORGAN, which owns Morgan Guaranty, the fifth largest New York bank, increased net profits by 23 per cent to $77m in the third quarter.

For the nine months Morgan reported net income of $258m, 20.4 per cent above the level for the same period of 1979. For the nine months, net interest earnings were $746.8m, up by almost 20 per cent, reflecting both higher volume of interest earnings assets and some improvement in net yield.

Trading accounts profits and commissions almost trebled in the nine months, but the slowdown in the pace of business in the bond markets in recent months dampened results in this department in the third quarter, when Morgan incurred a loss of $3.5m compared with a surplus of $3.5m in the same quarter of 1979.

Imasco lifts Hardee's bid

By Our Financial Staff

IMASCO, the Canadian tobacco group in which a near 50 per cent stake is held by BAT Industries of the UK, has revised its offer for Hardee's Food Systems so that shareholders in Hardee's other than Imasco will receive $28 cash for their shares. The Board of Hardee's has approved the revised terms.

The original offer of $21 a share valued Hardee's at $76m. Imasco held 44 per cent of Hardee's equity before the bid.

IH Scout talks break down

By Our New York Staff

INTERNATIONAL Harvester, the vehicle and farm equipment group, has said that negotiations with a group of private Texan investors to sell its ailing Scout utility/sports vehicles business have fallen through, and that unless another buyer can be found the operation will be shut down.

The Texans apparently were unable to put together the financing for the undisclosed purchase price, despite several extensions.

The company said yesterday that other potential purchasers had shown interest but that it was too early to say what talks could lead to.

Earlier this year IH said it would phase out Scout production this autumn because of poor sales.

INTERNATIONAL CAPITAL MARKETS

First Chicago takes SDR deposits

BY PETER MONTAGNON

FIRST NATIONAL Bank of Chicago has begun accepting deposits denominated in special drawing rights, the currency basket of the International Monetary Fund. It is believed to be the first bank to do so since the Fund announced a new definition of the SDR, limiting its composition to five major currencies.

Mr. Angelo Papa, manager of the bank's London bullion and foreign exchange operations, said yesterday that the decision to go ahead with the scheme was in response to growing demand for such deposits, especially from large multinational corporations and central banks in the Middle East.

At present the bank is basically offering deposits denominated in the old definition SDR, which comprises 16 currencies, but the basket can be tailored to meet the individual requirements of specific customers and it is believed that once the new definition enters force on January 1 next year the five-currency basket will become the most popular one for investors.

The deposits are being offered in periods of three, six and 12 months with the interest rate calculated on a weighted basis of market rates for the component currencies. Yesterday, that gave a three-month rate of 12.30 per cent compared with a three-month Eurodollar deposit rate of about 13 per cent.

According to Mr. Papa, the advantage of an SDR-dominated deposit is that it offers treasurers the opportunity to hedge their foreign exchange exposure without the administrative and dealing costs of establishing their own basket of currencies. These costs are, of course, borne by the bank handling the deposit, but as banks already have established operations in foreign exchange and Eurocurrency dealings, they can manage the basket currency investment more efficiently and cheaply.

Offering SDR-denominated deposits should widen a bank's scope for attracting deposits. However, this market is still very much in its infancy with only about ten major banks currently offering such a service and no real interbank trading in SDR deposits.

The eventual development of a secondary market in SDR deposits could nonetheless have some important implications for the International Monetary Fund which is now, albeit reluctantly, beginning to look at the possibility of raising funds on commercial markets.

Any such capital market operation denominated in SDRs would be given much greater depth by the existence of a money market dealing in the same unit of denomination.

DM bond debut for Midland

BY FRANCIS GHILÈS

FOLLOWING IN the steps of two other major UK clearing banks, Midland Bank is arranging its first D-Mark foreign bond. Deutsche Bank will manage the DM 150m 10-year issue which includes a coupon of 8¼ per cent and is expected to be priced at 99.

The borrowing vehicle is Midland's finance subsidiary, Midland International Finance BV, and the bonds will be unconditionally guaranteed by the parent company.

Though the placing memorandum accompanying the bond says that the funds are earmarked for the international banking activities of the Midland banking group, the amount of the bond, DM 150m (£34.7m) is close to the sum which the British bank has paid for the 60 per cent stake it recently acquired from Citibank in West Germany's largest private bank, Trinkhaus und Burkhardt.

A DM 100m eight-year private placement carrying a coupon of 8¼ per cent and a price of 99¼ was launched by Westdeutsche Landesbank last night. Seasoned D-Mark foreign bond issues rose by about ¼ of a point yesterday.

Swiss franc bonds also rallied yesterday and two new issues were announced: an exceptionally large private placement, SwFr 100m over six years for Dome Petroleum carrying a coupon of 6 per cent through Credit Suisse, and a SwFr 50m six-year private placement for the European Investment Bank carrying a coupon of 6¼ per cent through Kredietbank (Suisse).

In the dollar sector seasoned straight bond prices were unchanged on the day after weakening a little in the morning and picking up later on. Considering that interest rates hardened a little yesterday, the market remained in good shape. Nevertheless some new issues are standing at very heavy discounts.

Pioneer bid rejected by Ampol

By James Forth in Sydney

THE MAJORITY of directors of Ampol Petroleum have advised shareholders and convertible note holders not to sell to Pioneer Concrete Services at its offer price of A$1.70 a share. This puts a value of A$347m (U.S.$408m) on Ampol. Pioneer has announced that it will take all shares offered to it on the market for a one-month period ending November 6. This is to comply with Stock Exchange listing requirements after purchasing an 11.5 per cent stake in Ampol from Brambles, lifting its equity to 32 per cent.

Pioneer already has two representatives on the 12-man board and has informed the other directors that it is seeking to obtain control of the board. But the other directors said that in their view the price offered by Pioneer failed to recognise the current and prospective profitability of the Ampole group, let alone the premium which a company seeking a controlling interest should expect to pay. They believed that Pioneer was in a position to assess the attraction of purchasing Ampol stock at A$1.70.

Ampol estimates that operating pre-tax profits for the year to September would be at least A$55m (U.S.$64.6m), for an increase of 72 per cent on the previous year.

General Electric earnings up

BY OUR NEW YORK STAFF

GENERAL ELECTRIC, helped by strong earnings growth from its finance subsidiary, increased net profits by 5 per cent in the third quarter, in spite of lower sales of many consumer items.

Sales in the quarter were $5.96bn, up 6 per cent from the year ago quarter. Net profits reached $358.4m, up from $340.8m.

For the nine month period, GE earned $1.1bn on sales of $18.04bn, up from $1.03bn and $16.33bn in 1979. Profit per share after nine months was $4.85 against $4.52

Mr. Reg Jones, chairman, said that the weakness in the U.S. consumer sector and problems caused by a 10-week strike in Australia for the company's coal division, were offset by strong growth in the heavy capital goods sector and by the performance of General Electric Credit Corporation. Exports were also buoyant.

Sales of most types of consumer products were lower, with the exception of air conditioners, sales of which benefited from the U.S.'s long heatwave.

General Electric Credit, one of the country's largest financial institutions, enjoyed a sharp increase in the level of business and increased profits by 40 per cent to $33.4m in the quarter.

Earnings of the natural resources division were down by 22 per cent to $42.4m because of an industry-wide strike by Australian workers. This was partly offset by improved earnings from coal, oil, gas and Brazilian iron ore operations.

Overall, operating margins were slightly ahead of last while net profits were improved by a lower effective tax rate.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on October 9

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¾ 90	50	84⅛	84⅞	+0⅛	+1½	13.67
CECA 11½ 88	100	94½	95	−0⅛	+2⅛	12.58
Citicorp O/S Fin. 10 86	300	90	90½	+0⅛	+1⅜	12.45
Con. Illinois O/S 8¾ 86	150	88¾	89¼	+0⅛	+1⅞	12.53
Denmark 11¼ 90	100	93¼	93¾	−0⅛	+1⅛	12.96
Dome Petroleum 13½ 92	50	101⅛	101⅝	+0⅛	+0½	13.23
EEC 11 95	75	88	88½	+0¼	+2½	12.79
EEC 11 85	70	87⅜	87⅞	+0⅛	+1⅞	12.90
EIB 13¾ 90	100	103⅛	103⅝	−0⅛	+1⅛	13.07
Eksportfinans 9½ 87	75	87	87½	+0⅛	+1½	12.37
Elec. de France 10 86	125	88½	89	+0¼	+1⅞	12.31
Export Dv. Cpn. 12¾ 87	100	100⅝	101⅛	+0¼	+1⅛	12.45
Export Dv. Cpn. 9½ 86	150	88⅛	89¼	−0⅛	+1½	12.44
Federal Dev. Bk. 12¾ 85	75	99⅛	99¾	+0⅛	+2⅜	12.75
Fin. Exp. Credit 10½ 85	50	91⅛	91⅝	+0⅛	+0⅛	13.02
Finland Rep. of 9½ 86	100	86½	96⅞	0	+0⅞	13.12
Ford O/S Fin. 12⅝ 85	250	98⅜	98⅞	0	+1⅛	13.06
George Weston 12½ 87	30	100	100½	0	+1	13.40
GMAC O/S Fin. 13⅛ 85	100	101⅞	102⅜	+0¼	+1⅛	12.67
GMAC O/S Fin. 12 87	100	96	96½	0	−0⅞	12.84
Goodyear O/S 12½ 87	75	98⅛	98⅝	+0⅛	+2⅜	12.81
Hudson's Bay 11½ 90	75	92⅝	93⅛	−0⅛	+1⅛	12.80
IBM Canada 10½ 85	50	95⅛	95⅞	0	+1⅛	11.72
ICI Fin. Ned. 11 83	100	96½	97	0	+0⅞	12.45
Int. Harvester 12⅞ 85	115	98¼	98¾	0	+0⅞	13.16
McGraw 13½ 85	75	100⅝	101⅛	+0⅛	+1⅜	13.37
NatWest Ind. 13⅛ 87	50	99⅜	99⅞	+0⅛	+0½	13.66
Nova Scotia 10¾ 90	50	88⅛	88⅝	−0⅛	+0⅛	12.89
OKB 10 85	50	92¼	92¾	+0⅛	+1⅛	12.13
Pembroke Capital 9⅝ 87	100	†86⅜	86⅞	+0⅛	+0⅞	12.66
Pemex 11½ 88	100	92	92½	−0¼	+0½	13.13
Quebec Hydro 11½ 92	100	89¾	90¼	−0⅛	+1⅞	13.20
Redstoel O/S 11½ 89	100	88⅞	89⅜	+0⅛	+1½	13.91
Royltease 11¼ 85	50	96⅛	96⅝	0	+1	12.27
SNCF 12½ 85	50	100½	101	+0⅛	+1¼	12.10
Sweden 12⅝ 85	150	98⅞	99⅛	+0⅛	−0⅛	12.68
Swed. Ex. Cred. 12½ 85	40	98⅜	98⅞	+0⅛	+1⅛	12.86
Transamerica 12⅝ 83	50	97⅜	97⅞	+0¼	−0½	13.38
US France BV 11 90	50	85½	86	−0½	+1⅛	13.71
Unilever NV 9¾ 90	100	84¼	85⅛	−0⅛	+1⅛	12.47
World Bank 9¾ 85	200	91⅛	91⅝	+0⅛	+1⅞	12.24
World Bank 10⅛ 87	300	90¼	90¾	+0⅛	+1⅛	12.39

Average price changes... On day 0 on week +1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

Average price changes... On day +0⅛ on week +1⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

Average price changes... On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						
Tordom Cpn. 13½ 85 C$	30	100½	101½	+0⅛	+1⅝	13.14
M. Bk. Dnmk. 9 91 EUA	25	93¼	95	0	−0⅛	9.85
SOFTE 8¾ 89 EUA	40	89⅞	90⅝	+0⅛	0	10.13
U. Bk. Nrwy 9½ 90 EUA	18	99⅛	100⅝	0	0	9.48
Algemene Bk. 10¾ 87 Fl	400	100¼	100¾	+0¾	+1	10.73
Bk. Mees & H. 10 85 Fl	76	101	101½	−0¼	+0⅛	9.64
F. G. Hypo 9¾ 87 Fl	60	96¾	97¼	0	+0⅛	10.37
Heineken NV 10 87 Fl	75	99⅛	99¾	+0¼	−0½	10.09
Nat. Inv. Bk. 10 87 Fl	75	98⅞	99⅜	+0⅛	+0½	10.17
Nat. Neder 9½ 87 Fl	60	96¾	97¼	0	+0⅛	10.12
Neder Mdn Bk. 10 85 Fl	75	102¼	102¾	0	+0¼	9.34
Aero Paris 13⅛ 87 FFr	150	97⅜	98⅛	0	+0¼	13.54
CECA 14¾ 88 FFr	150	101⅞	102⅞	0	−0⅛	13.55
Finland 11 84 FFr	80	91¼	92¼	0	+0⅛	13.85
Finland 11½ 89 FFr	70	89¼	90¼	0	−0⅛	13.53
Gaz de France 11 84 FFr	150	92	93	+0¼	+0½	13.51
IBM France 11⅞ 84 FFr	120	93⅝	94⅝	0	−0⅛	13.76
Renault 9¾ 85 FFr	100	84⅞	85⅞	−0⅛	+0⅛	14.15
Solvay et Cie 9¾ 87 FFr	125	82⅛	83⅛	+0⅛	+0⅛	13.94
Utd. Mex Sts. 14 85 FFr	150	99	100	−0⅛	+0⅛	14.09
Beneficial Fin. 14¼ 90 £	20	99¼	100	−0⅛	+0⅛	14.28
BNP 13½ 91 £	15	98⅜	98⅞	+0¼	0	13.73
Citicorp O/S 13½ 90 £	50	98⅝	99⅛	−0⅛	+0⅛	13.68
Fin. for Ind. 14½ 88 £	20	101⅞	102½	−0⅛	+0⅛	13.97
Fin. for Ind. 13¾ 87 £	20	99	99½	−0⅛	+0¼	13.92
Gen. Elec. Co. 12½ 89 £	50	95⅛	95⅞	−0½	−0⅛	13.38
Peugeot SA 14 90 £	23	99⅛	99⅞	+0⅛	+0⅛	14.07
Rothschild 14¾ 90 £	12	99⅞	100⅜	+0⅛	+0⅛	14.28
Swed. Ex. Cr. 15¾ 85 £	20	104⅛	104⅞	−0⅛	+0⅞	13.77
Banobras 8¾ 90 KD	7	†90⅛	91⅛	0	0	9.75
CCCE 8⅛ 91 KD	10	†86⅛	86⅞	0	0	10.28
Sonatrach 8½ 90 KD	12	†91⅛	91⅞	0	0	9.88
Akzo 9¾ 87 LuxFr	500	92¼	93¼	0	−0⅛	10.77
Euratom 8 87 LuxFr	500	85½	86⅛	0	−1⅛	11.23
Euratom 9¾ 88 LuxFr	500	96⅜	97⅜	−0½	−0⅛	10.29
EIB 9¾ 88 LuxFr	600	97⅛	98⅛	0	−0⅛	10.16
Volvo 9¾ 87 LuxFr	500	94⅛	95⅛	−0⅛	−0⅛	10.86

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¾ 87	0⅛	97⅜	98¼	2/1	10.44	10.65
Bank of Ireland 5⅛ 89	‡0⅛	98⅛	98⅝	21/11	11⅛	11.56
Bank of Tokyo 5¾ 89	‡0⅛	97½	98	25/10	9⅛	9.46
Barclays O/S Inv. 5 90	0⅛	97½	98	13/12	9⅝	9.85
Bergen Bk. A/S 6 89	‡0⅛	97⅜	98⅛	29/11	12⅛	12.52
Bilbao Int. NV 5¾ 90	0⅛	97⅜	97⅞	29/11	10.06	10.32
Citicorp O/S F. 83	$‡0	99⅜	99⅝	23/11	11.44	11.51
[illegible]						

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

U.S. QUARTERLIES

ABBOTT LABORATORIES	1980 $	1979 $
Third quarter		
Revenue	504.1m	415.2m
Net profits	49.21m	42.56m
Net per share	0.82	0.71
Nine months		
Revenue	1.44bn	1.21bn
Net profits	147.59m	125.21m
Net per share	2.45	2.08

CBS	1980 $	1979 $
Third quarter		
Revenue	951.4m	892.7m
Net profits	55.8m	53.1m
Net per share	2.00	1.91
Nine months		
Revenue	2.89bn	2.62bn
Net profits	123.4m	136.7m
Net per share	4.42	4.92

CENTRAL SOYA	1980 $	1979 $
Fourth quarter		
Revenue	484m	474.2m
Net profits	22.2m	4.4m
Net per share	1.48	0.30
Year		
Revenue	1.74bn	1.67bn
Net profits	34.8m	33.6m
Net per share	2.38	2.23

COLT INDUSTRIES	1980 $	1979 $
Third quarter		
Revenue	473.28m	512.18m
Net profits	13.12m	25.99m
Net per share	0.97	1.96

DOW JONES	1980 $	1979 $
Third Quarter		
Revenue	134.4m	112.3m
Net profits	14.9m	13.7m
Net per share	0.96	0.88
Nine months		
Revenue	383.1m	318.2m
Net profits	39.6m	37.5m
Net per share	2.55	2.42

GT. WESTERN FINANCIAL	1980 $	1979 $
Third quarter		
Revenue	245.3m	225.4m
Net profits	7.88m	23.52m
Net per share	0.35	1.05
Nine months		
Revenue	731.1m	641m
Net profits	26.96m	68.33m
Net per share	1.20	3.09

HARRIS BANKCORP	1980 $	1979 $
Third quarter		
Net profits	6.2m	7.7m
Net per share	0.91	1.14
Nine months		
Net profits	24.2m	21.7m
Net per share	3.57	3.64

REPUBLIC OF TEXAS CORP.	1980 $	1979 $
Third quarter		
Net profits	22.95m	18.48m
Net per share	1.27	1.03
Nine months		
Net profits	63.82m	54.15m
Net per share	3.55	3.01

TELEDYNE	1980 $	1979 $
Third Quarter		
Revenue	643.1m	654.8m
Net profits	77.2m	105.5m
Net per share	5.60	6.27
Nine months		
Revenue	2.14bn	2.61bn
Net profits	253.1m	280.3m
Net per share	17.01	16.62

WEIS MARKETS	1980 $	1979 $
Third quarter		
Revenue	169m	148.5m
Net profits	7.59m	6.91m
Net per share	0.83	0.76
Nine months		
Revenue	496.5m	449.3m
Net profits	23.3m	21.6m
Net per share	2.55	2.37

Indian steelmaker's profit hit by power shortages

BY K. K. SHARMA IN NEW DELHI

THE STEEL Authority of India (SAIL), the public sector corporation which operates five steel plants with an installed annual capacity of over 10m tonnes, has reported a sharp fall in profits in 1979-80, to Rs 83.5m ($10.8m), from Rs 439m in the previous year.

Mr. K. C. Khanna, the chairman said at the annual meeting of the company, yesterday, that the drop in profits had resulted from a variety of factors, including loss in production of saleable steel because of inadequate supplies of power and coking coal.

SAIL had also built up high inventories of cold ingots and slabs, had gone through a period of sharply rising costs, imported coking coal and steel at high prices to overcome domestic shortages, and paid heavy interest charges on the investments at the steel plant at Bokaro.

SAIL in the second largest company in India and runs steel plants at Durgapur in West Bengal, Bhilai in Madhya Pradesh, Rourkela in Orissa, and Bokaro in Bihar, as well as an alloy steels plant at Durgapur.

The gross turnover of the company in 1979-80 was Rs 18.74bn ($2.4bn), and the net profits represent 4.8 per cent of the gross sales. Mr. Khanna was optimistic about higher sales and profits in 1980-81, because of the improvement in infrastructure in the country.

The chairman pointed out that the steel plants in Rourkela and Bhilai, where power shortages were less severe last year, showed relatively high profits, of Rs 476m and Rs 395m, respectively. Bokaro lost Rs341m, Durgapur Rs 200m; and the alloy steels plant Rs 140,000.

The Government, he said, was taking steps to remove constraints on production, and this would benefit the steel plants. Coking coal imports had started arriving, and the Government had approved imports of an additional 1m tonnes this year.

Despite the fall in production last year—believed to have been just over 6m tonnes—availability in the country improved by 5 per cent, because of imports of 1.2m tonnes at a cost of Rs 4.2bn by SAIL.

Efforts were being made, Mr. Khanna said, to reduce stocks of ingots and slabs both in SAIL plants and by asking for the help of re-rollers.

Fedfund rights issue to raise some R20m

By Jim Jones in Johannesburg

FEDERATED Property Trust (Fedfund), the South African property company, is planning a one-for-four rights issue. Full details will be announced by October 22, but the 13.13m share issue is expected to be priced to raise about R20m (equivalent to $26.5m). Fedfund's main assets are 16 buildings let to one of the country's largest retailers, OK Bazaars, on turnover-related leases.

Fedfund says it has no immediate plans to use the additional capital for property acquisitions. However, South Africa's property market is such that funds are necessary for quick purchases of existing properties as they come up for sale.

Industrial and commercial properties are in short supply, particularly in Johannesburg and Cape Town. Over the past year prime commercial property prices have risen by up to 50 per cent, while rentals have almost doubled in the past 18 months.

At the same time institutional investors have increasingly shied away from providing mortgage bond financing for commercial and industrial buildings.

Though commercial property availability is tight, returns on buildings are holding up at about 8 per cent. According at Stellenbosch University's Bureau for Economic Research, however, rentals are insufficiently high to make new commercial property ventures worthwhile. In its June review, it estimated that real building growth would be about 5 per cent in 1980, compared with 7 per cent in 1979.

Midway rise for Datuk Kermat

By Wong Sulong in Kuala Lumpur

DATUK KERMAT Holdings, the Malaysian tin smelter, raised its pre-tax profits for the six months ended July by 44 per cent to 16.8m ringgit (U.S.$7.9m). Profit after tax was 42 per cent up at 8.87m ringgit. The interim dividend has been raised to 80 cents a share, from 61.5 cents.

The company attributed the strong showing to earnings derived from its tantalum sales. It has an agreement with the Penang City Council to process tantalum found from tin slags left on state land by the company many years ago.

The price of tantalum had been "exceptionally high" during the early part of the year, although prices have since slipped considerably.

Operating profits from the group's smelting operation registered a 42 per cent rise to 14.8m ringgit. It also benefited from lower financing charges, and lower stock levels. Interest paid for financing activities extended to tin miners was reduced from 450,000 ringgit to 308,000 ringgit, while interest receivable doubled to 436,000 ringgit.

The company expects the full year's earnings "at least to match" the record pre-tax profit of 29.3m ringgit achieved last year.

Australia blocks property sale to Singapore group

BY JAMES FORTH IN SYDNEY

THE AUSTRALIAN government has refused permission for Robin Holdings, the Singapore group, to buy a property in Queensland, but has held out the prospect of a compromise. Mr. John Howard, the Treasurer, said that the bid was inconsistent with foreign investment policy.

The 1.54 hectare property, known as Merrimac is on the Queensland Gold Coast and is owned by Sal Developments, which is in receivership. Mr. Howard said that special emphasis was attached to Australian participation in major real estate projects

In the Merrimac case, tenders were invited on a worldwide basis, and Robin Holdings was the successful applicant. The Singapore group planned to develop the land to sell to Australians over a 10 to 15 year period. Mr. Howard said the proposal would offer benefits to Australians, but did not justify approval of the project on a wholly foreign-owned basis. The parties had been informed that the Government would be prepared to consider a fresh proposal if it included 50 per cent Australian participation.

Mitsukoshi lifts earnings

BY YOKO SHIBATA IN TOKYO

EARNINGS at Mitsukoshi, Japan's largest department store, recovered further in the first half ended August, 1980, helped by sales of higher-grade merchandise. Operating profits were 8.9 per cent higher at Y9.21bn ($44m) and net profits rose by 14.6 per cent to Y5.01bn. Profits per share moved up to Y11.56 from Y10.12 for the same period of last year.

Sales reached Y257bn ($1.2bn), up 11.2 per cent, with strong sales of miscellaneous goods including jewels and paintings (up 15.7 per cent) and household utensils (up 11.5 per cent).

In the current half-year the department store is planning to expand sales of clothing and miscellaneous goods, with the help of a new store due to open on November 1. Full-year sales are expected to reach Y550bn, up 12.3 per cent over last year, operating profits a record Y22.7bn, up 10 per cent, and net profits Y11.2bn, up 10.8 per cent.

Toyota sales target in doubt

TOKYO—Toyota Motor Sales Company sees its performance so far this year as indicating that it will be difficult for it to reach its target of selling 1.7m vehicles in the domestic market this year, Mr. Sadazo Yamamoto, the president of the sales aim of the Toyota group, Japan's largest motor manufacturer, says.

Domestic sales in the first nine months totalled 1.12m units, down 5.1 per cent on the same period last year. Exports, the target for which is 1.6m units, are said, however, to have been brisk, because of demand for small, fuel-saving cars.

AP-DJ

SWEDISH PAPER INDUSTRY

SCA and Stora Kopparberg ahead

BY WESTERLY CHRISTNER IN STOCKHOLM

INCREASED PROFITS for the first eight months of this year are reported by two major Swedish paper groups. Both companies—Svenska Cellulosa (SCA) and Stora Kopparberg—forecast higher figures for 1980 as a whole.

Svenska Cellulosa, Sweden's biggest forest product group, reports pre-tax earnings of SKr 431m ($103.6m) for the eight months, compared with SKr 300m a year earlier. In 1979, full-year earnings amounted to SKr 537m, or SKr 23 per share. The group expects to emerge from 1980 with earnings per share of SKr 27.

"Towards the end of 1980, delivery volumes may fall for forest industry products in consequence of the cyclical recession in Western Europe." And for the last four months of the year, the results from this division will "probably not" exceed the average for the two preceeding four-months periods.

Nor is there any reason to anticipate a better result for other industrial groups, says Mr. Bo Rydin, managing director. However, he stands by his forecast of increased earnings per share.

The largest division within the group, forestry, reports an operating profit of SKr 235m, up from SKr 186m, on sales of SKr 1.9bn, against SKr 1.8bn. "It is anticipated that the prices of the products of the forest industry will remain largely unchanged during the last four months of 1980. Costs will rise in consequence of significantly higher timber prices as from August 31."

Group investments in building and plants during the eight months amounted to SKr 384m, aganist SKr 208m. For 1980 as a whole they are expected to total SKr 720m, compared with SKr 400m.

Stora Kopparberg reports a pre-tax profit of SKr 374m for the eight months, an increase of SKr 117m compared with the same period in 1979. Sales during the eight months reached SKr 2.59bn, against SKr 2.3bn.

For 1980 as a whole, the board expects pre-tax earnings to total about SKr 550m, up from the SKr 430m achieved in 1979. However, uncertainties involving price levels and market demand may affect results in the last four months. Last year sales totalled SKr 3.8bn.

A weakening of the American dollar affected prices for pulp, but during the third quarter newsprint prices increased in most of Stora's markets. Profitability within the paper division during the eight months was "satisfactory," but did not reach last year's level. Operating profit for the division during 1979 reached SKr 124m on sales of SKr 970m, but no figures are provided for the eight months.

The expected weakening of fine paper demand has already started affecting production. However, plans to modernise the Kvansveden paper plant are being implemented. The overall economic downturn in Sweden has not yet had a strong effect on group products.

Stora's hydroelectric power division, which last year reported operating earnings of SKr 248m on sales of SKr 568m, continues to produce a "good return," although no specific figures are given. "Output of hydroelectric power has been strong and sales have been at good prices."

However, the return on wallboard production has remained "unsatisfactory," and the board has decided to shut down the Ljusne board-making plant. Overall, the timber division, to which wallboard is included, showed an improvement during the eight months, and prices for plywood and wallboard improved.

Group investments in property, plants and equipment increased during the period to SKr 218m, against SKr 128m, of which SKr 151m was accounted for by the parent company.

In contrast, Södra Skogsägarna, a smaller paper group, predicts a loss of SKr 100m before extraordinary items for 1980. It attributes the setback to a large decrease in paper demand during the second half of the year. For the first seven months, Södra reports a loss of SKr 45m against a loss of SKr 100,000 the year before. Sales during the seven months amounted to SKr 1.7bn, compared with SKr 1.45bn.

Motor-Columbus stays in deficit

BY JOHN WICKS IN ZURICH

MOTOR-COLUMBUS, the Swiss utility and engineering group, has stayed in the red for the year ended June. Once again shareholders are going without a dividend.

Further substantial loss provisions against its construction subsidiary, Mobag, have left Motor-Columbus with a deficit for the year of SwFr 30,000 ($18,000) at the parent company level.

For fiscal 1979 Motor-Columbus incurred a loss of SwFr 38,000 after provisions against Mobag following the cancellation of a major construction contract in Iran. In the previous year, Motor-Columbus had returned a net profit of SwFr 5.2m.

Speaking in Baden this week, Mr. Michael Kohn, chairman, said that only when current negotiations were completed would it become evident whether Motor-Columbus would emerge from its Iranian problems "with a black eye or an injury."

Following the cancellation of Mobag's Iranian contract (to build 6,000 flats for the Iranian army) Motor-Columbus was forced to increase its shareholding in Mobag from 60 to 100 per cent. Subsequently, Union Bank of Switzerland became a controlling shareholder in Motor-Columbus itself by buying the 38 per cent stake formerly held by Alusuisse.

As long as a settlement of the Iranian debts is pending, Motor-Columbus said shareholders would be unable to benefit from the profits being made elsewhere in the group.

During the past year the group's liabilities at Mobag were reduced from SwFr 127m ($77.4m) to SwFr 84.2m.

Bayernhypo plans rights offer

By Kevin Done in Frankfurt

BAYERISCHE Hypotheken-und Weschsel-Bank (Bayernhypo), one of West Germany's largest regional banks is raising DM 185m ($102m) in a rights issue, the first it has made since the end of 1978.

The cash is needed to maintain the ratio between capital and lending required by the German banking authorities.

The issue will have the affect of raising nominal equity from DM 423m to DM 475.8m. The new shares will be offered on a one-for-eight basis DM 175 each against a bourse price of DM 256.5.

A dividend will be paid on the shares from the beginning of 1981. The bank's shareholders' funds will be raised to DM 1.8bn by the capital raising.

CFR blames state for setback

BY TERRY DODSWORTH IN PARIS

COMPANIE Francaise de Raffinage (CFR), the refinery division of the French Total Group, strongly attacked the Government yesterday for fuel price control policies which it claimed had led directly to a sharp reduction in its half-year profits.

The group's net earnings, for the first six months were more than halved from FFr 77m to FFr 32m ($7.66m) despite a big rise in turnover, from FFr 10.7bn to FFr 17.4bn.

CFR attributed a significant part of this decline to policies designed to keep prices of products directly controlled by the administration, at "highly insufficient levels." The authorities, it argued, had failed to take into account the rise in refinery costs, the increase in the price of transport, and the escalation in the cost of reserve stocks.

The company said it had also been hit in the sector of the market not controlled by the Government by the parallel rise in the price of its crude oil and the gradual stagnation of prices at which it can sell.

The market, it said, had been undermined by the improved supply position which had had the effect of dampening down the rise in prices. Despite these problems CFR admitted that its prices had gone up rapidly between the first half of last year and the same period of 1980.

The 62 per cent increase in turnover was achieved while selling a smaller amount of refined products. Sales in the first 6 months of this year amounted to 14.78m tonnes against 15.75m tonnes in 1979 and the amount of oil treated in the group's refineries dropped by 7.4 per cent.

Peugeot to expand U.S. sales network

By Kenneth Gooding, Motor Industry Correspondent

PEUGEOT of France will add about 100 dealers to its 300-strong distribution network in the U.S. as a result of its co-operation programme with Chrysler.

But this would be over a two-year period because the careful selection of the right Chrysler dealers to take on the extra franchise "cannot be hurried," said M. Francois Daeschner, the export director of Peugeot Automobile.

And it would probably take about three years to launch the new car to be jointly manufactured by Peugeot and Chrysler in the U.S.

The car will almost certainly be sold under Chrysler and Peugeot banners and through separate dealer networks.

Last year Peugeot sold around 12,000 cars in the U.S. of which 8,000 were diesels.

M. Daeschner expects the total will rise to 13,000 this year because of the introduction of the 505—the first car Peugeot has designed with North America as well as Europe and Africa in mind.

Kymi Kymmene expects growth to continue

By Lance Keyworth in Helsinki

KYMI [illegible], one of Finland's largest industrial companies, with interests in the forest [illegible] [illegible] in the [illegible] in the second [illegible].

[illegible] company's full year sales are expected to increase by 18 per cent to about FM 2bn ($555m) and group turnover should rise to about FM 3bn. Kymi's rights issue earlier this year was fully subscribed and raised the company's share capital by 50 per cent to FM 296.4m. No first half figures were given.

Mr. Fredrik Castren, chairman, says in his interim report that "the successful share issue, improved profitability, three years of stringent investment expenditure and certain sales have created the foundation for the company's next major investment phase, the procurement of a new paper machine."

The machine will have an annual capacity of 140,000 tonnes of wood-free and almost wood-free fine papers.

Kymi's fully-owned subsidiary in the UK, Star Papers bought during the year Wolvercote paper mill in Oxford. It makes special papers.

The only subsidiary turning in a disappointing result during the year is Leaf River sawmill in the U.S. because of the recession in U.S. construction.

The Finnish manufacturing branches of the company should work at full capacity this year but the outlook for 1981 is less promising.

Norwegian banks raise eight-month earnings

BY FAY GJESTER IN OSLO

TWO LEADING Norwegian commercial banks have reported satisfactory profits for the first eight months of this year.

Den Norske Creditbank, the largest of Norway's big three, before tax and depreciation made profits of NKr 216.5m ($45m), equivalent to 1.68 per cent of average total assets. This compares with NKr 214.9m and 1.91 per cent last year.

Total assets rose by nearly 26 per cent to NKr 20.6bn and the bank expects to pay an unchanged 12 per cent dividend.

Bergen Bank reports profits of NKr 158m before tax and depreciation which is NKr 38m up on the same period a year earlier.

This was equivalent to 1.57 per cent of average total assets and Mr. Finn Henriksen, managing director, said the result is satisfactory, in the light of present business conditions.

Total assets rose to NKr 15.7bn at end of August, an increase of NKr 1.4bn.

Pierrel to pay dividend

PIERREL, the Italian pharmaceuticals and chemicals group, is to pay a dividend for 1980 following what it describes as satisfactory results for the first nine months of the year, writes our Financial Staff.

The announcement represents a major recovery for Pierrel. The company has not paid a dividend to shareholders since 1973.

Group sales in the nine months ended September rose by 26 per cent but no specific figures—for either sales or profits—are being disclosed at this stage.

The company proposes to raise L8.1bn (equivalent to $9.5m) through an issue on convertible debt. The six-year bonds, carrying a coupon of 13 per cent, are to be offered to shareholders.

Turnover rises at Italcementi

By Our Financial Staff

ITALCEMENTI reports that turnover in the first half of 1980 rose by 39.4 per cent to L129.7bn ($152m). However, the company said increases in costs exceeded increases in profit. Italcementi, controlled by Italian industrialist Sig. Carlo Pesenti, is the largest Italian cement maker.

Meanwhile Lepetit, one of the largest pharmaceutical companies and controlled by Dow Chemical of the U.S. said its turnover in the first six months rose by 16.7 per cent to L93.2bn. Exports accounted for L47.11bn, up 26.6 per cent.

FINANCIAL TIMES SURVEY

Friday October 10 1980

Far East Travel and Tourism

The search by the more sophisticated tourist for fresh fields to conquer has brought faraway places into the orbit — a trend materially fostered by the increase in airline facilities to these areas. This survey takes a look at the once mysterious world of the Far East and the attractions of this multi-coloured part of the globe.

Pastures new for holiday world

By Arthur Sandles

ALTHOUGH IT is the noise of *battle over air fares from* Europe to the Far East that has focused attention on tourism in the area, the region is already one whose attractions have proved increasingly alluring over recent years. The air war has simply added impetus to the rush.

Given the variations in culture, *landscape*, peoples and life-styles, perhaps the surprise is that the holiday world did not discover the Far East earlier. To say that, however, is to ignore the immense distances involved in travel even within the region, and the inevitable problems that arise as a result in the form of time and money.

It is also to ignore the air of mystery that still surrounds the East so far as Northern Hemisphere residents are concerned. This mystique is at once a major part of both the *Far East's appeal* and yet a source of worry and concern to the travel novitiate.

Increasingly, *however, northerners* are discovering that this world of alien tongues, strange aromas and undecipherable caligraphy can at the same time be one of welcome and delight. They are also discovering that the people of Hokkaido and Sumatra are no more alike than the people of Aberdeen and *Crete; that the traffic* jams of Bangkok are a short jet ride from the peaceful beaches of Penang; *and that the glitter of* Hong Kong's shopping malls is not too great a journey from the ski slopes of Naeba. In other words they are discovering that the Far East is not one destination but a remakable world of contrasts and fascination.

Just as there are differences within the area, so there is considerable rivalry. The recent fuss over airline licensing on the London-Hong Kong route has simply served to focus attention on the competitive attractions of that destination; Singapore, Bangkok, Manila and Tokyo are also prime gateways. To understand the tourism business in this area requires first a realisation that there are few regions which have such a cohesive tourist *effort—via, for example, the* Pacific Area Travel Association —and yet few which are so fiercely competitive.

It must also be remembered that there is a vast intra-area touristic movement, with the Japanese, Singaporeans, Taiwanese and residents of Hong Kong as major sources of tourist revenue for their neighbours. To cap it all there is a remarkably large flow of ethnic Chinese traffic between the various population centres of the area.

For the moment, however, it is the rapid increase in airline capacity from Europe to the area which has excited attention. As air fares tumble in the wake of what could be a 50 per *cent rise in capacity to the* region by early next year, so the tour operators and hotel groups are stepping up their marketing efforts.

Destinations

It *would be foolish to assume* that the destinations concerned are novices in the travel game. Singapore alone had 2.25m visitors last year, a rise of 9.8 per cent on the previous year, and of the total around 17 per *cent came from Europe. Around* 800 flights a week already land at Singapore's airport and with the completion of the new airport early next year there will be greatly increased ability to take up Hong Kong's challenge as Gateway to the East.

To a large extent Singapore's figures, impressive as they are, *disguise a general problem for* tourism throughout the region, and that is the problem of relatively short stays. The average in Singapore itself is less than four days; in Hong Kong the ratio is much the same and in Malaysia only a little over four days. Thailand manages to push its figure up to five days and in the Philippines the figure rises to an *apparently impressive eight-day* average—until one notices the considerable long-stay ethnic (what we in Europe and America call Visiting Friends and Relations) traffic.

If there is another under*lying theme in the area, apart* from the enthusiasm for Europe which is arising out of the air war and the softness of the American market, it is the determination on the part of most countries involved to *develop themselves as total long*-stay destinations rather than stopping places on rush-around trips to the East. For nations such as Japan, Thailand, the Philippines — and particularly in the long term perhaps Indonesia—this may be just a matter of careful planning, good marketing and a great deal of *patience. But even destinations* with a relatively small land area, such as Hong Kong, Singapore and Macau are eager to prove that there is more to them than shops, good food and a few palm trees.

In all this there is to some extent a clash between the aspirations of Government and the nervousness of commerce—a division not unusual. Hoteliers and other investors are a little concerned about the long-term prospects for holiday tourism for a variety of reasons which really all boil down to distance. Having seen the American market shake a little under the burden of a wobbly dollar and domestic recession there is *many an hotelier in the region* who will nod knowingly towards Europe and express worry over what will happen to the package tourists if the price of aviation fuel should double again.

Trepidation

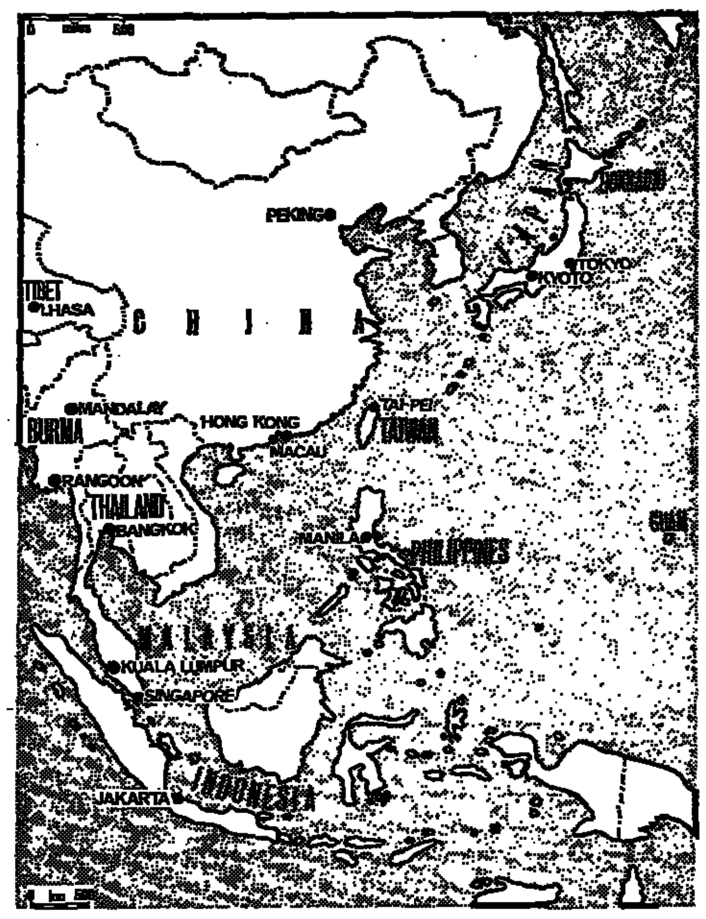
Even in once in uncomfortably full Hong Kong there is slight trepidation about the new hotels which are about to open. In Manila any talk of encourage*ment of further hotel building* is greeted with cries of horror from hoteliers who are already cross at having recently been reduced to selling their under-used rooms to delegates to the American Society of Travel Agents' conference for \$12 a night.

If governments in the region have a single song to sing it is one that boasts the value of intra-regional traffic. If the hoteliers have a rival lyric it has a theme of consolidation rather than expansion.

Given a period of stability, *not only regionally but globally*, there is little doubt that the Far East has almost everything is seen not to be quite as unwel*coming and inscrutable* as it appears from the distance of a European city.

This fact has not been lost on the major UK tour operators who are now thundering down the path originally beaten by their smaller specialist kin. Cosmos Tours, which is showing surprising energy in developing new destinations these days, has even managed to convince mainland China that it should be *allocated 2,500 visas for its holi*daymakers over the next year.

Travellers venturing into the *region for the first time* are likely to find some extremely pleasant surprises. Not least among these are that the region probably boasts the widest range of the world's best hotels at the moment and certainly, from the passenger point of view, the world's best airlines. It is nice to make discoveries and be *pampered at the same time.*



WEATHER WATCH

In spite of its image the Far East is not all jungle *heat and blue skies.* There are considerable variations in climate. The "good" months selected here tend to be when the weather is driest and the temperatures nearest a European summer. Clearly Thailand's coolest is still quite hot, and northern Japan's warmest may still be on the cool side by comparison.

Hong Kong: January to April and October to December.
Japan: April to June and October.
Thailand: January, February and November/December.
Singapore: February to April, June to September.
Philippines: January/February and November/December.
Indonesia: May to September.
Korea: May/June, September to early November.
Taiwan: March to May, September to November.
China's climate variations are enormous.

Inevitably the "good" months tend to be high season for tourist prices and for full hotels.

Handy entry point to a wide area

HONG KONG GATEWAY

ARTHUR SANDLES

AS A serenade it lacked something. But then, perhaps, a Chinese trio who had seen more youthful days, playing assorted oriental instruments and attempting Can't Buy Me Love from their floating bandstand in Hong Kong Harbour is not the best recipe for something romantic. Well, it had only cost us about 10p, and for that we also got a version of "sayonara" which one could only say was unique.

Even if you choose to avoid the temptations of Hong Kong's harbour musicians an evening dining on a sampan is well worth the effort, and serves to illustrate the extraordinary contrasts of Hong Kong itself and the region in general. For a few pounds—much depends on your negotiating skill—you rent a small boat complete with boatman and helper and waddle out into the waters around the typhoon shelter to sample foods which are sold to you from other passing sampans. There seems to be a sort of floating mother-ship with rather grander cooking facilities than most, but otherwise you pick your prawns, your vegetables, your noodles or your rice from the offerings of tiny craft which buzz around seeking business.

With as many as a dozen on board your boat you are part of a constantly moving swarm of customers and kitchens, musicians and beer boats, all against a back-drop of mountains and some of the most expensive property in the world. Running beneath you is the latest thing in mass transit underground railway systems. Overhead from time to time the giant jets of one of the world's fastest growing airlines, Hong Kong's flag carrier Cathay Pacific, wing into one of the world's more awkwardly placed airports. Around you glistening yachts and mainland Chinese junks jostle for moorings. You are astride two worlds and two ages.

In Hong Kong the mass transit system is putting a last *stranglehold on the rickshaw* operators. They sit disconsolately around the Star Ferry terminal waiting for passengers who are increasingly rare. But you can still stop at corner food booths and scoff delicacies of . . . well, who knows what. You can still sail off around Hong Kong's network of islands and find isolated beaches and small fishing villages. You can still luxuriate in the pleasures of the Mandarin Hotel and emerge into a teeming oriental land of bustle, haggling, packed trams and quite remarkable scenery.

As far as the British visitor is concerned Hong Kong is probably the best first entry point to this particular area of the Far East. It is the Orient with a faintly English accent—*but anyone expecting an eastern* Gibraltar or even Malta is in for a few surprises. It has one great advantage over China itself and Taiwan—there are no silly regulations over visas.

Invaluable

With air fares being what they are to *Hong Kong these* days it makes an invaluable gateway. Macau and the Philippines, as well as (visas permitting) China and Taiwan, are all within easy reach. With time and money permitting they should not be missed.

The Philippines is a huge country—there are more than 7,000 islands — of impressive contrasts and, pleasantly enough, impressively low prices. A surfeit of hotel rooms means that Manila, the capital, is certainly a buyer's market for the visitor. Even the most penny-pinching tourist, however, ought to spend at least one night in the Manila Hotel. There are very few hotels in the world which can be called memorable, and even fewer that warrant the title great. The Manila is one of those few and there are some who would say that this assessment *is a con*servative one.

Manila is a good point both for exploration of the Philippines' own attractions but also for venturing further around the Orient. The airport — soon thank heavens to be replaced — is the home of Philippine Air*lines with services* to many destinations around.

Perhaps the greatest attraction of the Philippines itself is its people. In the whole region whether it is the Filipinos or the Thais who make the more *delightful hosts can surely* be a subject of endless discussion. If your taste runs to the exhuberent and fun-loving, then the Filipinos are your choice. If you prefer the accent on grace and sensitivity, then your heart must rest among the Thais.

Head due north from Manila and eventually you find yourself *in Taipei, capital of Taiwan, a* land of ordered green fields, rugged mountains, streams, coral necklaces, jade carvings, bright lights and that strange Chinese mixture of welcome and formality. It also posses two of the most surprising buildings I have ever seen. Taipei's airport must be the cleanest and *quietest such place in the world* — the loudest noise I heard there recently was the voice of the customs man seeking to confiscate my short-wave radio set — and the Grand Hotel in Taipei must be the most exotic such edifice in the world. It is a jumbo-sized Chinese lantern that sleeps hundreds and glows across Taipei from its hillside site.

But then travel in this area is full of surprises. The one thing that most visitors find annoying is a lack of time to enjoy them.

Further information: Hong Kong: Hong Kong Tourist *Association, 14 Cockspur Street*, London SW1. Macau: Macau Tourist Information Bureau, Tourism Development Partnership, 13 Dover Street, London W1. Philippines: c/o Atlantic Associates, 259 rue St. Honore, Paris 750001, France. Taiwan: c/o Travelsearch International, 1 Tenterden Street, London W1.

Information on the region generally: Pacific Area Travel Association, 11 Bolt Court, Fleet Street, *London EC4*. East Asia Travel Association, 167 Regent Street, London W1.

Sugar prices at new highs

BY JOHN EDWARDS, COMMODITIES EDITOR

WORLD sugar prices surged to new highs yesterday, following rumours of renewed heavy buying by the Soviet Union.

The London daily price for raw sugar was lifted by £9 to £392 a tonne—its highest level since January, 1975. On the futures market the March position moved up strongly all day and closed £10.70 higher at £436.10 a tonne. In New York the market quickly rose the permissible 1 cent a pound limit up in early trading, in spite of news of a wildcat strike causing the closure of the Amstar refineries — the biggest domestic U.S. buyer of sugar.

Traders were at pains to point out last night that many of the reports of Russian buying were purely guesswork.

However, it is evident that the Russians have been in the market again. And it seems increasingly clear that further setbacks to the Soviet beet crop will result in even larger imports being required. One estimate put the Russian shortfall as high as 4m tonnes—a big quantity to purchase on a free market with supplies of around 18m tonnes a year.

Reports of 100,000 tonnes purchased by Mexico added to the bullish sentiment already existing in the market. The fundamental supply-demand situation is very strong with several leading exporting countries suffering crop setbacks. As a result world production is likely to fall very short of consumption this season meaning another sizeable cut in stocks.

However, in the present excitable state of the market speculators have boosted prices substantially in anticipation of a shortage developing and this is leading to highly volatile market

U.S. copper strike settlement

NEW YORK—Striking copper workers at Phelps Dodge yesterday "overwhelmingly" ratified a new three-year contract, the union said.

With the last of the company's rank and file union employees backing the pact, the strike at the copper producing corporation is expected to end today.

Some workers at one of the company's Arizona plants earlier this week voted against the settlement, which was reached late last week. But most backed the package and voting among dissatisfied union locals was repeated.

Phelps Dodge will be the fifth U.S. copper producer to settle its labour dispute and resume operations.

Another six remain idle because of strikes by workers represented by several unions bargaining under the umbrella of the National Nonferrous Coordinated Bargaining Committee, a coalition headed by the Union Steelworkers of America (USW). Reuter

Zinc seminar in London

THE OUTLOOK for zinc in Europe will be reviewed at a special seminar called Eurozinc 80 to be held in London on October 28 and 29.

It is being organised by the Zinc Development Association in London together with the European Zinc Institute and zinc associations from several European countries.

Meanwhile an extra speaker at the American Metal Market Forum in London next Monday will be Robert Guy, director of N. M. Rothschild who traditionally acts as chairman at the London gold daily "fixings." The Forum this year is to have gold as its main theme to link with the plan to launch a London gold futures market soon.

Experts confirm Soviet harvest fears

BY OUR MOSCOW CORRESPONDENT

WESTERN agricultural experts in Moscow express no surprise at reports from Soviet sources that this year's grain harvest will be only about 190m tonnes. They say the figure, which is 45m tonnes short of target and only 11m above 1979's disastrous yield, is only slightly below what they themselves have been estimating privately in recent days.

The chief reason is that harvesting in the European part of the USSR has been dogged by weeks of wet weather, while that in Kazakhstan—often the Soviets' make-or-break region—has suffered from unusually cold, dry winds which have reduced grain weight.

One western attaché believes that as much as 30 per cent of the ultimate haul will be moisture compared with the normal Soviet figure of around 20 per cent. In addition, the Russians are expected to lose at least 10 per cent on storage and transportation losses.

The harvest shortfall means they will need anywhere from 35m to 45m tonnes in imports in the coming year, the experts say. This will be difficult to achieve, both because world supplies are tight and because the Soviets' foreign ports and handling facilities are limited.

If the U.S. maintains its embargo, as seems likely, only 8m tonnes of American grain will be available. The Russians were expecting another 3.9m from Australia but drought has cut the crop there drastically too. "There's a question as to whether we can supply that 3.9m now," says an Australian expert.

Canada, which has agreed to stick to the "traditional level" of supply during the embargo, sold Moscow 3.9m tonnes last year and might be expected to go a bit higher—say to 4m or 5m—based on historical levels.

Argentina might provide the Soviets with about 4m tonnes, western sources believe, and small amounts could come from Britain, France, and the European Community. The Kremlin also has prospects of getting some grain from Thailand and India, but even with massive circumvention of the American embargo, the experts do not see the Soviets finding more than about 25m tonnes.

This means they must probably dip into stocks, which last year were depleted by some 15m to 20m tonnes, according to best Western estimates.

Meanwhile the chief executive of the World Wheat Organisation, said yesterday in London there had been a breakthrough in negotiations to secure a new World Wheat Trade Convention.

One of the stumbling blocks negotiators had faced was in the setting up of a world wheat or wheat equivalent food reserve stock. The stockpile, to be set up in individual exporter and importer nations, members of the World Wheat Pact, is to be internationally controlled by the International Wheat Council.

Australian wheat estimate down

BY PATRICIA NEWBY IN CANBERRA

THE Australian Wheat Board has announced a further decrease in its estimate for the 1980-81 Australian wheat harvest.

Because of the drought which is affecting large parts of the wheat-growing areas of New South Wales, Queensland and Western Australia the Wheat Board now estimates the harvest at 9.65m tonnes—a decrease from the Board's last estimate of 11.25m tonnes issued only two weeks ago.

Mr. John Williams, general manager of the Board, said that unless rain fell almost immediately in some states there could be a further deterioration in the national wheat harvest. In some areas it was already too late for rain to make any difference, he said.

The Bureau of Agricultural Economics earlier this week also forecast a drastic reduction in winter cereals because of drought. Before the failure of autumn, winter and spring rain on top of last summer's dry conditions, wheatgrowers had hoped to achieve this year a crop somewhere near last year's bumper harvest of 16.1m tonnes.

In spite of the drought, Australia's vineyards have produced a record quantity of grapes for the 1980 wine vintage.

Figures released yesterday by the Australian Wine Board put total grape production from the 1980 harvest at 511,000 tonnes, which is 30.00 tonnes above the record set in 1979.

A wine board spokesman said the 1980 total had come as a surprise because of last summer's dry weather. However, he said there was mounting concern among wine growers about the 1981 vintage. If drought continued over the next few months it would have an adverse effect on the amount and qualty of grapes produced.

Disaster warning on fishing

By Our Commodities Staff

THE GOVERNMENT was warned yesterday of impending disaster in the UK fishing industry.

The British Fishing Federation, which represents the deep-sea sector, said recent meetings of the EEC fisheries council had only increased the industry's forebodings. "Behind the facade of a more conciliatory attitude on conservation, the other states cannot conceal their ruthless determination to seize Britain's fish," the BFF declared.

The Commission was still proposing to give three-quarters of the Common Market catch to the rest of Europe in spite of Britain's two-thirds contribution to total availability.

Britain was being inexorably drawn towards a fisheries settlement that could be a disastrous and ignominious loss for the nation, the federation said.

Gundelach in talks on tapioca

BANGKOK—EEC farm commissioner Finn Gundelach will arrive in Thailand on October 30 to discuss problems related to Thai exports of tapioca.

Items which will be discussed in detail between Mr. Gundelach and Thai Commerce Minister Mr. Tamchai Kampato include export levels of Thai tapioca to the EEC and financial and technical aid given by EEC to Thailand to substitute tapioca with other crops.

New overseas markets for tapioca and use of tapioca as raw material for other products will also figure on the agenda.

Mr. Gundelach last visited Thailand in early 1979, and Thailand pledged that annual tapioca exports to the EEC should not exceed 5.9m tonnes. Reuter

EEC AGRICULTURAL POLICY

How best to cope with overproduction

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE BRITISH Government's pet solution to the chronic extravagances of the Common Agricultural Policy is encapsulated in the suggestion that those countries producing the surpluses should be responsible for them.

This has been said time and again by Mr. Peter Walker and his colleagues at the Ministry of Agriculture, however, without being specific about how such a scheme would work in practice.

In any case the principle is heavily frowned on by the Commission in Brussels and the latest attack on the suggestion came at a seminar organised by the Conservative members of the European Parliament held in London last week.

The Commission spokesman, Graham Meadows, a member of the Agricultural Directorate, condemned the scheme as being likely to lead to the break up of the Common Market as it was originally conceived, the destruction of the CAP, and a reduction of the Community into little better than a semi-free trade area in which national interests took a bigger and bigger slice of the Commission's responsibilities.

Investigating

Mr. Meadows has a case here. Much of the Commission's time is taken up investigating and trying to inhibit various member countries' efforts to care for their own farmers in spite of the rules laid down by the founding fathers of the Rome Treaty.

Once the principle of national measures, such as guaranteeing the returns from surpluses over a national quota, were to be granted, who knows where it would end.

His suggestion was that the policy should be an extension of the co-responsibility levy system. Milk, for instance, is at the moment subject to this kind of levy. Broadly the effect is to reduce the overall price for milk received by every farmer in the Community, although in some countries the smaller farmers don't suffer as much as the large.

Co-responsibility, of course, is nothing new to the British farmer. It flourished for many years in the guise of standard quantities introduced by Lord Soames in the early 1960s. Under this system a standard quantity of production received the guaranteed price and the balance was priced at market realisation value. If more than the standard quantity was produced this reduced the deficiency payment to the farmer.

This limited the Treasury commitment. What it did not do was reduce production, which kept on rising steadily throughout the period the standard quantities were in force.

Expectations

In the British circumstances at the time the benefit of the system was that it dampened farmer's expectations, and induced a mood of cost cutting. This was an admirable preparation for Community membership but has alas largely been forgotten by farmers today.

This is because after joining the EEC prices, particularly for cereals, increased very rapidly, margins were good and this encouraged farmers to invest in the means of higher production of every sort. Not really on the basis of secure returns, but in the expectation that the acceleration of margins would continue for ever and ever.

They now have the higher production which more intensive farming usually brings. But they are becoming saddled by an increasing cost load which, as the latest ICI costed farms report warns, could well be strangling them before long.

Some of the costs are, of course, the result of inflation but others are due to the application of added inputs such as sprays and fertilisers. A process which before long could lead to the law of diminishing returns becoming operative.

This is not just a British phenomenon. Output of all the guaranteed commodities is rising remorselessly in the EEC and the costs of the various measures to dispose of them are reaching the limit of the Community funds.

Without more cash the Community will be without funds within a short time. The sensible answer would be to impose strict co-responsibility measures. But if Community farmers react, as did those in Britain when faced with standard quantities, surpluses will keep on growing.

This surplus disposal problem would still be there either with national aids or the co-responsibility proposals. Viable world markets are at a discount, most farm exports except for sugar at the moment require heavy subsidisation and even credit to effect.

Faced by a similar situation in the 1930s in the U.S. President Roosevelt instigated a policy of paying more people not to produce food. This still endures in the "set aside" programme in the U.S. today, where the farmer is paid when necessary not to grow wheat, barley, cotton etc. His land is put in the soil bank.

The Community has a similar scheme for reducing dairy cow numbers. In Germany for instance some 500,000 cows have been removed and slaughtered since 1977 at very considerable expense. However, in June 1980 there were slightly more cows in the national herd than there were four years before. The remaining farmers simply increased the size of their herds and as milk production still rises they have obviously been improving their yields too.

Logical

Ten years ago Dr. Mansholt, then EEC Agriculture Commissioner, proposed that 12m acres should be taken out of production as a means of curing the problem of surplus production. His plan was shouted down, and he departed the scene.

But his was the logical answer. The only criticism that could be made of it was that he insisted marginal land should be sequestered in this way. This was a mistake. It's not the marginal land but the better land, responsible for excess production, that should be set aside.

BRITISH COMMODITY PRICES

COPPER—Firmer on the London Metal Exchange following the rise in precious metals, and despite news that Phelps Dodge have reached complete agreement with copper workers in the U.S. Forward traded quietly around the £880 level throughout the morning but picked up strongly in the afternoon, as gold surged ahead, to touch £894 before closing the late Kerb at £890. Turnover: 22,550 tonnes.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Wirebars				
Cash	851-.5	+3.75	856.5-7.5	+5.5
3 months	880.5-1	+4.25	886.5-7	+6
Settlem't	851.5	−3.5	—	
Cathodes				
Cash	823.4	−1	829-31	+5
3 months	852.4	....	859-60	+6
Settlem't	824	−1		...
U.S. Prod		......	*93.5-102	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £852, 51.5, three months £864, 83, 82, 82.5, 82, 81.5, 81, 80.5. Cathodes, cash £823, 23.5, three months £852, 51, 52. Kerb: Wirebars, three months £862, 83, 82.5, 83, 84, 83.5. Afternoon: Wirebars, three months £889, 88, 87, 87.5, 88, 86, 85, 85.5, 86, 86.5. Cathodes, three months £860. Kerb: Wirebars, three months £883, 91, 92, 93, 92.5, 93, 92, 91.5, 91, 90.5, 90.

TIN—Gained ground on balance. After opening around the £7,000 mark forward metal eased to £6,970 on the pre-market, reflecting bull liquidation and the sharp fall in Penang. However, in the morning Rings heavy buying of cash material was reported and the contango narrowed sharply from £120 to around £85. Three months moved up in sympathy with the price touching £7,030. A good two-way trade was seen in the afternoon with forward metal finally quoted at £7,010 on the late Kerb. Turnover: 1,670 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	6930-40	−22.5	6915-30	+17.5
3 months	7025-30	−20	7010-5	+10
Settlem't	6940	−20	—	...
Standard				
Cash	6930-40	−22.5	6915-30	+17.5
3 months	7025-30	−20	7010-5	+10
Settlem't	6940	−20	..	..
Straits. E.	‡$2095	−30		
New York				

Morning: Standard, cash £6,860, 90, 95, 6,920, 25, 30, three months £6,960, 70, 75, 70, 80, 90, 7,000, 7,030. Kerb: Standard, three months £7,025, 20. Afternoon: Standard, three months £7,040, 30, 20, 10, 15. Kerb: Standard, three months £7,020, 10, 20.

LEAD—Gained ground in the wake of precious metals and copper. After opening at £383 forward metal moved ahead to touch £391 before closing the late Kerb at £390. Turnover: 9,925 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	370.5-1.5	+8	375.5-6.5	+6.5
3 months	384-5	+8.25	389-.5	+8.75
S'ment	371.5	+7.5	—	......
U.S. Spot	—	......	*42.45	......

Morning: Three months £384, 83, 84, 85. Kerb: Three months £385. Afternoon: Three months £387, 88, 87, 86, 88, 88.5, 89, 89.5. Kerb: Three months £390, 89.

ZINC—Moved ahead in sympathy with other metals with forward metal moving above the £350 level in early trading and attracting renewed speculative and chartist support which took the price ahead to £357.5 on the late Kerb. Turnover: 5,100 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	342-.5	+5	344-.5	+5
3 months	353-4	+5	355.5-6	+7.5
S'ment	342.5	+5	—	......
Primw'ts	—	......	*37.5-37.75	—

Morning: Cash £342.5, three months £353, 53.5, 53. Kerb: Three months £354. Afternoon: Three months £355, 54.5, 55, 56, 56.5, 56, 55.5. Kerb: Three months £356, 56.

ALUMINIUM—Higher as reported physical interest encouraged good support for three months which lifted from £707 to £712 prior to closing the afternoon Kerb at £710.5. Turnover: 6,675 tonnes.

Alumin'm	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Spot	684-5	+5.5	687-9	+8.5
3 months	706.5-7	+4.5	709.5-10	+7.5

Morning: Three months £706, 6.5, 7. Kerb: Three months £708. Afternoon: Three months £710, 09, 10, 09.5, 9, 9.5. Kerb: Three months £710, 12, 11, 12.

NICKEL — Little changed, although speculative interest pushed forward metal up to £2,850 in the afternoon before a close on the Kerb of £2,840. Turnover: 204 tonnes.

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −
Spot	2590-10	+5	2805-12	+1
3 months	2828-35	−1	2840-3	+10

Morning: Three months £2,830. Afternoon: Three months £2,838, 43, 45, 48, 50, 48, 43. Kerb: Three months £2,841, 40.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 28.5p higher for spot delivery in the London bullion market yesterday at 893.50p. U.S. equivalents of the fixing levels were: spot $21.372, up 67.2c; three-month $22.006, up 67.7c; six-month $22.765, up 66.9c; and 12-month $23.75, up 60.3c. The metal opened at 893-902p ($21.35-21.55) and closed at 903-911p ($21.65-21.85).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unofficl'l	+ or −
Spot	893.50p	+28.5	917.5p	+41.5
3 months	924.40p	+27.4	949.0p	+41.9
6 months	958.30p	+27.8	—	....
12 months	1000.6p	+24.8	—	.....

LME—Turnover 146 (208) lots of 10,000 ozs. Morning: Three months 927, 30, 29, 30, 33, 34, 33, 32, 31. Kerbs: Three months 931, 32. Afternoon: Three months 939, 38, 37, 34, 36, 38, 40, 43, 44, 45, 48, 49, 48. Kerbs: Three months 950, 45, 44, 42.

COCOA

Cocoa futures were steady throughout another quiet day as prices made gains of £15-£20 in thin trading conditions, with both producers and consumers withdrawn from current market levels, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or −	Business Done
Dec	978-79	+18.0	982-67
March	1019-20	+17.0	1022-05
May	1038-40	+16.0	1041-26
July	1059-60	+17.0	1060-43
Sept	1078-79	+18.0	1078-66
Dec	1099-104	+19.0	1100-1091
March	1121-29	+18.0	—

Sales: 1,929 (1,339) lots of 10 tonnes.

ICO Futures—Daily price for Oct. 8: 104.04 (104.75). Indicator prices for Oct. 9: 10-day average 105.66 (106.27); 15-day average 107.44 (107.89).

COFFEE

Robustas attracted some early dealer buying but once again volume was light, reports Drexel Burnham Lambert. Activity increased slightly during the afternoon as the upward momentum was fuelled by commission house buying following a 2 cent gain in New York prices, and more constructive chart patterns. Expectations of late rally failed to materialise and the market drifted lower on disappointed dealer liquidation.

COFFEE	yesterday's Close £ per tonne	+ or −	Business Done
Nov	1070-71	−1.0	1090-70
January	1085-90	−6.0	1115-85
March	1064-65	+1.5	1090-62
May	1063-64	−4.0	1089-59
July	1060-70	−8.0	1090-70
Sept	1060-80	−12.5	1095
March	1051-95	−12.0	—

Sales: 4,278 (3,535) lots of 5 tonnes.

ICO Indicator prices for Oct. 8 (U.S. cents per pound). Other Mild Arabicas 125.33 (124.33). Robustas ICA 1976 124.25 (122.75). ICA 1968 124.50 (123.00). Unwashed Arabicas 212.00 (211.50). Comb. daily ICA 1968 152.97 (158.06).

GRAINS

LONDON GRAIN FUTURES—The market opened higher and good buying interest was seen initially in barley, the main trade being in November and January. Wheat values also increased in thinner volume, at around 20p-25p higher. Commercial sellers halted any further rally and values eased back during the afternoon to close 5p-10p lower on the day. New crops remained firm and closed 10p up, reports Acli.

	WHEAT		BARLEY	
M'nth	Yesterday close	+ or −	Yesterday close	+ or −
Nov	97.85	−0.15	92.55	−0.10
Jan	102.20	−0.10	95.95	−0.10
Mar	105.90	−0.10	100.60	−0.10
May	109.80	—	104.35	−0.05
July	113.50	−0.05	—	—
Sept	98.70	+0.10	94.20	+0.10

Business done—Wheat: Nov. 98.15-97.80, Jan. 102.55-102.20, March 106.25-105.90, May 110.10-109.80, July 113.75-113.50, Sept. 98.70-98.70. Sales: 227 lots of 100 tonnes. Barley: Nov. 92.95-92.55, Jan. 97.25-97.00, March 100.85-100.60, May 104.60-104.50, Sept. 94.20-94.20. Sales: 205 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2: 14 per cent: Oct. 96.25, Nov. 97.75, Dec. 101.50 transhipment East Coast, sellers. U.S. Hard Winter, 13½ per cent: Nov. 100.10, Dec. 100.75 transhipment East Coast sellers. English Feed fob Nov. 102.50 paid south coast. Maize: French Oct. and Nov. 120.25, Dec. 120.00 transhipment East Coast. U.S. Oct. 123.50, transhipment East Coast, sellers. S. African Yellow Oct.-Nov. 85, seller. Barley: English Feed fob April 108.75 paid East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices: Feed barley: S. East 89.50, S. West 89.50, W. Midlands 88.20, N. West 90.00. Other milling wheat: S. East 99.70, N. West 98.50. The UK Monetary Coefficient for the week beginning Monday October 13 is expected to remain unchanged.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales) New Zealand cents per kilo. Oct. 355, 368, nil, nil; Dec. 362, 367, 363, 4; Jan. 364, 369, 365, 3; March 367, 371, nil, nil; May 367, 373, nil, nil; August 375, 378, nil, nil; Oct. 378, 381, nil, nil; Dec. 381, 384, nil, nil; Jan. 382, 385, nil, nil; March 383, 386, nil, nil. Sales: 7.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). New Zealand cents per pound. Oct. 456.0, 457.5, 458.2-456.0, 39; Dec. 471.0, 471.5, 472.0-468.5, 69; March 492.0, 494.0, 494.5-490.5, 120; May 500.0, 501.0, 501.5-498.0, 87; July 506.0, 507.0, 507.0-504.0, 20; Oct. 504.5, 505.0, 505.0-503.5, 13; Dec. 505.0, 507.0, —, —; March 508.5, 509.9, 510.0-509.5, 12. Sales: 360.

RUBBER

The London physical market opened slightly steadier, with good interest throughout the day, closing on a steady note. Lewis and Peat reported a fob November price for No. 1 RSS in Kuala Lumpur of 307 (303.75) cents a kilo and SMR 20 at 254 (255).

No. 1 R.S.S.	Yest'day Close	Previous Close	Business Done
Nov	64.80-65.00	65.00-65.10	64.70-64.00
Dec	65.60-65.70	64.20-64.50	65.80-65.30
Jan-Mar	68.10-68.50	66.60-66.70	68.30-67.20
Apr-Jne	71.70-71.80	70.50-70.40	71.80-70.90
Jly-Sept	74.80-75.00	73.40-73.50	75.00-74.50
Oct-Dec	77.70-77.90	76.20-76.50	77.30-77.20
Jan-Mar	80.70-80.80	79.10-79.20	80.10-80.00
Apl-Jne	83.40-83.70	81.80-82.00	81.80
Jly-Sept	86.00-86.20	84.80-84.80	—

Sales: 397 (267) at 15 tonnes, 20 (7) at 5 tonnes.

Physical closing prices (buyer) were: Spot 63.50p (61.50p); Nov. 64.25p (63.25p); Dec. 65.25p (64.50p).

SOYABEAN MEAL

The London market opened with losses of 50p on little buying interest and quiet cash markets, reports T. G. Roddick. Prices eased further but recovered early losses on trade buying and finished on a firm note.

	Yest'rday Close £ per tonne	+ or −	Business Done
October	125.00-26.0	−1.0	126.50
December	132.00-32.1	+0.40	132.00-130.80
February	134.80-35.0	+0.20	135.00-133.80
April	136.10-36.2	+0.30	136.20-135.00
June	135.70-36.8	+0.05	136.00-134.70
August	136.10-36.0	−0.10	—
October	129.00-28.5	+0.50	—

Sales: 287 (148) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £392.00 (£383.00) a tonne cif for Oct.-Nov. shipments. White sugar daily price was £389.00 (£384.00).

Reports of further purchases by Mexico lifted the market at the opening. Despite substantial long liquidation prices continued to make an orderly advance. The market closed at the highs some £8 above first traded levels, reports C. Czarnikow.

No. 4 Contract	Yest'rdays Close £ per tonne	Previous Close	Business Done
Jan	421.50-22.50	408.00-10.25	422.50-14.00
Mch	436.00-36.20	425.30-25.50	439.50-25.00
May	432.50-32.70	421.60-21.75	434.00-20.00
Aug	417.25-17.50	407.00-07.25	419.00-08.50
Oct	386.95-87.00	387.00-87.75	388.10-80.00
Jan	369.00-75.00	358.00-68.00	—
March	365.00-65.00	347.00-61.00	—

Sales: 13,925 (9,014) lots of 50 tonnes.

No. 2 CONTRACT—Close (in order buyer, seller, business, sales): Oct. 400.00, 402.00, 403.00-400.00, 124. Sales: 124 (30).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £493.50 (£486.50) for export.

International Sugar Agreement (U.S. cents per pound) (fob and stowed Caribbean port). Prices for Oct. 8: Daily price 39.79 (39.98): 15-day average 38.07 (37.80).

POTATOES

LONDON POTATO FUTURES — An easier spot physical market brought November prices down, which put some pressure on February and April, with all positions ending at or near the lows, reports Coley and Harper. Closing prices: Nov. 41.20-110 (high 42.10, low 41.40); Feb. 52.30-40 (high 52.60, low 52.30); April 60.30-20 (high 60.40, low 60.20). Turnover: 38 (31) lots of 40 tonnes.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 10 tonnes, this being the total for the week so far. Minor replenishment needs were undertaken without the turnover showing more than a modest improvement. The cautious nature of follow-on buying continued, only scattered operations being mentioned in various North and South American growths.

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HIDES—Manchester: market unchanged. Second clears. Ox 31/35.5 kilos, 27.3p a kilo (27.3p a kilo); 26/30.5 kilos, 33.3p a kilo (same); 22/25.5 kilos, 39.9p a kilo (39.2p). Light cows 35.5p a kilo (same).

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GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £6.50-£7.60, codlings £3.80-£5.70. Shelf haddock £3.50-£4.50, large £3.00-£4.20, medium £2.00-£2.90. Large plaice £5.70-£7.80, medium £4.90-£6.40, best small £3.40-£5.40. Skinned dogfish (large) £11.00-£13.00. Lemon soles (large) £10.00, medium £9.00. Rockfish £1.80-£2.40. Reds £2.70. Saithe £2.50-£3.40.

MEAT/VEGETABLES

MEAT COMMISSION — Average fatstock prices at representative markets on October 9. GB cattle 71.43p per kg lw (−0.41). UK sheep 141.37p per kg est dcw (+17.89). GB pigs 69.55p per kg lw (+3.32).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 58.3 to 84.0; Eire hindquarters 68.0 to 71.6, forequarters 42.7 to 44.6. Veal: Dutch hinds and ends 98.0 to 104.0. Lamb: English small 58.0 to 67.0, medium 58.0 to 66.0, heavy 54.0 to 62.0; Scottish medium 58.0 to 64.0, heavy 54.0 to 62.0. Imported frozen: NZ PL 56.0 to 57.0, PM 49.0 to 50.0. Pork: English, under 100 lb 42.0 to 49.0, 100-120 lb 38.0 to 47.0, 120-160 lb 40.5 to 45.0. Grouse: Young, best (each) 220.0 to 260.0.

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Valencia Lates 48 5.40, 56 5.75, 72 5.85, 88 4.85, 112 4.70, 138 4.55, 150 4.40; Brazilian: 72/138 3.80-4.00. Lemons—Italian: 100/150 5.00; Spania: Trays 25/45 2.40-3.00; Outspan: Trays 45 4.30; uTrkish: 15-kg 4.30-4.50; Argentine: 8.00; Cyprus: 90/105 6.00-6.50, 5-kg trays 3.00-3.20. Grapefruit—Dominican: 36/63 5.60-5.80; Honduras: 38/48 5.30-5.80; Cyprus: 36/42/48/54 5.50; Cuban: 4.80-5.00; Jaffa: 15-kg 42 5.30, 48 5.75, 60 5.60. Satsumas—Spania: 182 5.00, 154 5.50, 108/126 6.50-7.00. Apples—French: Starkcrimson 72/84 1.70-2.20, Golden Delicious approx. 20-lb, 72 1.70-2.10, 84 1.40-1.80; 40-lb 125/163 3.20-3.60, Granny Smith 20-lb 72 2.20, 84 1.50-1.80; Dutch: Cox's Orange Pippins, jumble pack, per pound 0.12. Pears—French: 28-lb Williams 2.50-3.00; Italian: Per pound Williams 0.13-0.16. Plums—Italian: Boxes, Stanleys per pound 0.12. Grapes—Italian: Regina per pack 1.20-1.50, Wine per pound 0.10, Italia 2.00-2.30; Spanish: Almeria 2.00-2.20, Black 2.40; French: Alphonse 2.20. Melons—Spanish: Yellow 10-kg 2.60-3.30, Green 7/11's 2.60-3.20. Tomatoes—Jersey: 1.40-1.80; Dutch: 2.20; Spanish: 1.50-2.00; Guernsey: 1.80-2.20. Onions—Spanish: 3.00-3.50; Dutch: 2.20, Picklers 2.60-2.80. Cabbages—Dutch: White 2.80. Pomegranates—Spanish: 40/80 2.80-3.50. Cucumbers—Dutch: 12's 2.00-2.40; Canary: 10/12's 2.60-2.80; Almeria: 2.00-2.20. Nuts—Large washed Brazils per pound 0.30, medium 0.25; Chinese walnuts 30mm 55-lb, per pound 0.32; Almonds large hard 0.38, medium 0.35. Ibiza to arrive 0.48; Pecan nuts 0.65; Filberts Sicilian 18mm 0.48.

PRICE CHANGES

In tonnes unless otherwise stated.

	Oct. 9 1980	+ or −	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1650/1680	+50	$1710/40
Copper			
Cash w'bar	£857	+5.5	£869.5
3 mths	£885.75	+5	£893
Cash Cathode	£830	+5	£845
3 mths	£859.5	+6	£868.5
Gold troy oz	$669.5	+13	$661.5
Lead Cash	£376	+6.5	£363.5
3 mnths	£389.25	+5.75	£379.75
Nickel	£3,168	......	£3,285.0
Freemkt (cif) (lb)	280/315c	......	290/315c
Platin'm'tr'y oz	£202	......	£202
Free mkt	£291.80	+2.6	£293.70
Quicksilver†	$415/420	......	$405/415
Silver troy oz	893.50p	+28.5	804.50p
3 mths	924.40p	+27.4	837.50p
Tin Cash	£6,922.5	+17.5	£7,277.5
3 mths	£7,012.5	+10	£7,347.5
Tungsten 22.04lb	$146.42	......	$144.87
Wolfrm 22.04 lbs	$148/152	......	$151/154
Zinc cash	£344.5	+6	£324.5
3 months	£355.75	+7.5	£338.25
Producers	$780	......	$780
Oils			
Coconut (Phil)	$590r	......	$605
Groundnut	‡	......	‡
Linseed Crude	£388z	......	£387
Palm Malayan	$507.5x	−2.5	$545
Seeds			
Copra Philip	$360w	......	$405
Soyabean (U.S.)	$333v	......	$342
Grains			
Barley Futures	£96.95	−0.10	£93.55
Maize			
French No3AM	£120.25	......	£122.50
Wheat			
No.1 Red Spg.	‡	......	‡
No2HardWint	£100.10z	......	£96.75
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't	£1,059	+12	£1,058
Future Mar.	£1,019.5	+17	£997.5
Coffee Ft' Jan.	£1,087.5	−6	£1,163.5
Cotton A,Index	99c	......	100.70c
Rubber (kilo)	63.50p	+2	64p
Sugar (Raw)	£392	+9	£313
Woolt'ps 64s ki.	292p kilo	......	288p kilo

‡ Unquoted. x Dec. r Nov.-Dec. v Nov. w Oct.-Nov. z Indicator. § Buyer. † Per 76-lb flask. * Nominal.

AMERICAN MARKETS

NEW YORK, October 9.

PRECIOUS METALS were very strong on increasing hostilities in the Middle East but came under liquidation pressure on the close. Copper followed gold, aided by steady trade buying. Sugar was limit up on short-covering ahead of the Government report on Friday. Roaster interest pushed coffee towards higher closes. Trade buying and manufacturer pricing carried cocoa toward higher levels. The livestock complex finished on the upside on good trade and export demand. Grains and soyabeans closed marginally higher, reported Heinold.

Copper—Oct. 94.55 (92.55), Nov. 95.35 (93.45), Dec. 96.15-96.30, Jan. 97.05, March 98.40-98.65, May 100.00, July 101.56, Sept. 103.05, Dec. 105.30, Jan. 106.05, March 107.55, May 109.05, July 110.55. Sales: 4,100.

Potatoes (round whites)—Nov. 95.1-95.9 (92.1), March 132.6-133.0 (128.7), April 154.8-155.2. Sales: 2,470.

Sugar—No. 11: Jan. 43.25-43.30 (42.10), March 44.56 (43.56), May 44.00, July 42.96, Sept. 41.23, Oct. 40.90-40.50, Jan. 37.40-37.70, March 36.50-36.60. Sales: 7,626.

Tin—772.0-780.0 (775.0-780.0).

CHICAGO, October 9.

Chicago Imm Gold—Oct. —— (774.5), Nov. ——, Dec. 697.0-700.0, Jan. 707.0, March 725.0-723.0, April 732.5, June 749.0-752.0, July 759.7, Sept. 778.0.

Lard—Chicago loose 22.50 (22.00). New York prime steam unavailable.

Live Cattle—Oct. 69.35-69.26 (68.95), Dec. 71.95-71.80 (71.15), Jan. 72.65, Feb. 73.80-73.70, April 75.22-75.25, June 75.90-75.80, Aug. 74.90, Oct. 74.20, Dec. 74.90.

Live Hogs—Oct. 48.35-48.25 (47.42), Dec. 51.05-51.00 (49.55), Feb. 54.55, April 53.60, June 57.37, July 58.15, Aug. 57.20, Oct. 56.10, Dec. 57.75.

‡‡Maize—Dec. 352¾-352¼ (350¾), March 362¼-362½ (361¾), May 366-366¾, July 364¾-364½, Sept. 354, Dec. 344¾-344½.

Silver—Oct. 2175.0 (2107.0), Nov. —— (——), Dec. 2215.0, Feb. 2271.0, April 2326.0, June 2381.0, Aug. ——, Oct. 2491.0, Dec. 2546.0, Feb. 2601.0, April ——, June 2711.0, Aug. 2766.0, Oct. ——, Nov. ——, April ——.

†Soyabeans—Nov. 820½-822 (821), Jan. 845-844 (842½), March 868-868½, May 883½-884, July 890-891, Aug. 881, Sept. 836, Nov. 809-810.

‖Soyabean Meal—Oct. 240.5 (240.4), Dec. 247.5-247.3 (247.4), Jan. 250.5-250.3, March 255.8-255.7, May 257.5-257.0, July 258.0, Aug. 256.0-256.5, Sept. 247.0-247.5, Oct. 233.0-234.0, Dec. 232.5-233.5.

Soyabean Oil — Oct. 25.45 (25.55), Dec. 25.90-25.95 (26.08), Jan. 26.24-26.20, March 26.85-26.90, May 27.20-27.15, July 27.55, Aug. 27.25, Sept. 26.90, Oct. 26.40, Dec. ——.

†Wheat — Dec. 503½-504 (503¾), March 525½-525 (523¾), May 533, July 527-527½, Sept. 535, Dec. 546.

WINNIPEG, October 9. §Barley—Oct. 134.80 (134.30), Dec. 136.30 (136.00), March 138.50, May 139.20, July 138.30.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 254.7 (255.14).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, October 9.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent: Oct. $207, Nov. $211.50, Dec. $219, Jan. $234. U.S. No. 2 Red Winter: Oct. $213, Nov. $215, Dec. $220. U.S. No. 2 Northern Spring, 14 per cent: Oct. $216, Nov. $219, Dec. $220, Jan. $228.

Maize—Afloat $160, Oct. $160, Nov. $163, Dec. $167, Jan.-March $174.25, April-June $176, July-Sept. $173.75, Oct.-Dec. $172, sellers.

Soyabeans—U.S. Two Yellow Gulfports: Oct. $321, Nov. $326.75, Dec. $335.25, Jan. $342, Feb. $349.75, March $352.25, April $358, May $358.75, June $359.50, July $360.75, Aug. $360.75, Oct. $325.75, Nov. $324.70, Dec. $329.50. Argentine: Oct. $317.

Soyameal—44 per cent protein U.S.: Afloat $295, Oct. $293, Nov. $297, Dec. $303, Nov.-March $305. Brazil Pellets: Afloat $300, Oct. $301, Nov. $312, Dec. $314, Nov.-March $317, sellers.

PARIS, October 9.

Cocoa (FFr per 100 kilos)—Dec. 950-979, March 997-999.5, May 1015-1027, July 1025, Sept. 1065, Dec. 1090. Sales at call: 1.

Sugar (FFr per 100 kilos)—Nov. unquoted, Dec. 4070-4074, March 4260-4265, May 4261-4275, July 4150-4240, Aug. 4180-4235, Oct. 4025-4050, Nov. unquoted. Sales at call: 15.

INDICES

FINANCIAL TIMES

Oct. 8	Oct. 7	M'nth ago	Year ago
275.90	276.22	280.47	303.81

(Base: July 1, 1952=100).

MOODY'S

Oct. 8	Oct. 7	M'nth ago	Year ago
1321.0	1314.9	1281.5	1169.5

(December 31, 1931=100)

DOW JONES

Dow Jones	Oct. 8	Oct. 7	Month ago	Year ago
Spot	468.80	467.21	450.92	413.99
F'tur's	492.67	491.16	475.44	418.42

(Average 1924-25-26=100)

REUTERS

Oct. 9	Oct. 8	M'nth ago	Year ago
1755.0	1747.9	1731.8	1658.7

(Base September 18, 1931=100)

Worthwhile destination despite modern myths

NORTH TO JAPAN

ARTHUR SANDLES

THE NORTHERN destinations of the Far East are the ones which perhaps create the greatest uneasiness among European visitors. Here, after all, is a part of the world which, in a geographic and climatic sense, most nearly mirrors their own. Yet it is a world in which the culture differences are at their most extreme. From Peking to Tokyo, from Seoul to Sapporo, it is a world of deeply rooted cultures and an awareness of tradition, a way of doing things. Perhaps we fear that any sloppy touristic approach to local lifestyles will not be so forgiven here as it is in the more easy-going southern climes.

If this unease is a real deterrent then it is a great pity—for here, particularly for the searcher after culture and scenic splendours, is an area of considerable fascination.

For the moment Japan suffers from much the same problem as Britain did with its foreign visitors more than a decade ago. Just as then it was extremely difficult to convince foreigners that there was more to the UK than London, Stratford and Edinburgh, so the Japanese find it hard to convert foreign tourists to the understanding that there is more to their country than Tokyo, Nikko and Kyoto. We may think the Japanese are unadventurous tourists when they visit London, but they are remarkably venturesome when compared with many of their counterpart visitors from Britain or the U.S. in Japan.

The myths that Japan fights are two-fold. It is thought to be expensive and it is considered overcrowded. In fact, while business life in Tokyo may be on the pricey side the tourist will find that Japan, although not cheap, is not noticeably different from much of Europe in terms of costs. Because the Japanese themselves are such determined travellers the country is impressively well served with transport. Even the old canard about the lack of hotels outside Tokyo where a European might feel at ease is being gradually eroded.

Confusion

The legend of over-crowding tends to be confirmed by a first sight of Tokyo, with its population of 11m-plus and confusion of buildings and traffic. But Tokyo is the capital of a country four-fifths of which is made up of hills and mountains, and a country with more than 3,000 separate islands. It would be ridiculous to suggest a visit to Japan without a trip to the much visited ancient capital of Kyoto, but there is a great deal more to see than that — and today the trip from Tokyo to Kyoto takes less than three hours on the trains of the Shinkansen, compared with the sixteen days it took by foot in the good old days.

Although they are rarely used by European visitors Japan also boasts resorts in the Euro/American sense of the word, and this particular modern infection has yet to spread in any great way to neighbouring Korea. Thus visitors to the latter country tend to be very much culture enthusiasts or those who have heard about the scenery. Kyongju, which is a couple of hundred miles to the south of the capital Seoul, is probably the best known of the cultural centres and is well worth a visit. Even Seoul itself has a surprising amount of the past still visible, in spite of its devastating recent history.

Further information from the Japanese National Tourist Office, 167, Regent Street, London, W.1. Korea: Korean National Tourism Corporation, 31, Sackville Street, London, W.1. China: c/o Cultural Attache, Chinese Embassy, 31, Portland Place, London, W.1.

The continuing battle over the London-Hong Kong air route, linking Western Europe with the Far East, has resulted in two more carriers—making a total of three instead of the original British Airways monopoly—plus cheaper fares. British Caledonian and Cathay Pacific have full operating rights and now Laker Airways is seeking full approval. Laker argues that there is room for another carrier

On the roof of the world

TIBET

PHILIP BOWRING

EXCLUSIVITY and comfort do not always go together in tourism. But if you have got good measures of money and determination — especially the former — you cannot go much further in one-upmanship than become one of the 600-a-year tourists permitted since last year to visit one of the world's most mysterious, romantic and inaccessible cities — Lhasa, capital of Tibet and holy city of Lamaist Buddhism, the highly idiosyncratic version of Buddhism which dominates the high plateaux of central Asia.

Unlike certain other remote, romantic cities, Lhasa is no disappointment though in this case to arrive is better than to travel — by an Iluyshin four-engined aircraft from Chengdu in China's Sichuan province, two hours' flight away. But even the journey to Tibet is a little special on a clear day, provided you can forget the numbing vibrations of the aircraft.

But to go so quickly from near sea level to the rarified air of 12,000 feet on the roof of the world is a strain on the system. Even the fittest people pant and puff after a couple of flights of stairs. Visitors are urged to take things easy for a day or two to acclimatise. Even so, headaches are inevitable. Many suffer from mild sickness and most find sleep difficult. Oxygen bags are always at the ready to revive those in need. Apart from being thin the air, at least in the late summer, July-September, which is the tourist season, is very dry and rather dusty, an added discomfort.

Foreign visitors, however, can take comfort from the fact that they usually survive the conditions better than their accompanying Chinese guides. Most of these have never visited Lhasa before. Many wilt under the combined impact of the altitude with the psychological shock. Tibet may be part of China, more or less unwillingly, but it is very, very different.

For a start it is quite a shock for Chinese cadres to see quite how poor Tibet still is 30 years after its "liberation" from feudal theocracy, from oppression by monks and subservience to noble landlords. Even more baffling for Han (ethnic) Chinese, however is the conspicuous survival of religious piety and Tibet's intense mysticism despite years of supression and the promotion of Mao, Marx and other deities of the new materialist theology.

Pilgrims

Tibet has benefitted more than most parts of China from the relative liberalism that has emerged since the fall of the radical "Gang of Four." So pilgrims can again come to Lhasa, to visit (but only on Sundays) the great Potala Palace where Dalai Lamas lived for centuries — until the present Dalai fled to exile in India in the wake of the 1959 Tibetan rebellion against Chinese rule.

They can, and do, go daily in their thousands to the Jhoke Khan Temple in the heart of Lhasa to burn sweet pungent yak butter in front of Buddhas and other idols, to prostrate themselves before the images, to shuffle (always clockwise) round the little ring road flanked by shops and stalls which surrounds the temple, gently twirling their prayer-wheels, telling their beads and mumbling their orisons.

Cleanliness does not come next to godliness in Tibet. There are good reasons why taking a bath in this high, dry and cold place is not part of the national tradition — just as there is good reason why the yak butter is not just food but keeps lights burning, shrines flickering and serves as sun oil and all-purpose lubricant. Every country has its smell but nowhere as strong and singular as Tibet.

As for the piety and the prayers, the monks, the beads, the statues and the rituals, they all add up to the nearest thing left in the world, to medieval Catholicism, to the devout fervour of the pilgrims to Spain's Compostela and Chaucer's Canterbury.

Religious freedom remains very limited. Where once there were tens of thousands of monks there are now only a handful and so far it seems no young people are being allowed to train for the monastic life. The great Drepung Monastery a few miles from Lhasa used to be the largest in the world, with 7,000 monks; now there are 30. But the Government is at least repairing some of the appalling damage done to the monasteries, mostly during the Cultural Revolution in the mid-1960s.

Friendly

Mercifully, Potala Palace was virtually undamaged by the Cultural Revolution. This vast gold, brown and white building, which seems to grow out of the hills in the middle of the Lhasa Valley, dominates the capital like no other building dominates a city. It must be seen at dawn, at dusk and at all angles.

Inside is testimony to the fine art as well as raw power once displayed by Tibet's theocratic civilisation. But visitors must insist on seeing it on Sunday when Tibetans come in their thousands to pray rather than on the other days of the week when the Potala is the soul-less "cultural relic" the Chinese authorities prefer it to be and is open to foreign visitors only.

The Tibetans themselves are very friendly towards visitors to the Potala and other shrines. The Chinese are distinctly not, using every opportunity to extort money from tourists. The fee for taking photos inside the Potala varies but on the occasion of my visit the Chinese guides were demanding Renminbi 20 ($14) for every single photo.

Unfortunately, there do not appear as yet to be any Tibetan guides who speak English. Visitors must thus rely on Chinese guides who appear to know little and care less about Tibet's history, culture and language.

Tibet is a classic colonial society. Han Chinese, who are about 5 per cent of the population, run the show through local puppets. Chinese officials are not expected to learn Tibetan. They eat different food, brought in from China. And they send their children to schools where there are separate (and not equal) streams for Chinese and Tibetans.

But the Chinese have admitted some of their mistakes and their sincerity in trying to rectify them is reflected in their willingness to allow a few visitors to this once "Forbidden City." Moving outside Lhasa is difficult, although some tours have managed to go to Shigaze, Tibet's second city, some 10 hours away by road.

Most tours last five to seven days, which is about long enough given the restricted ability to travel.

The cost? It is difficult to generalise because few tours go only to Tibet. The Chinese charge U.S.$120 a day per person for groups of 10 or more. That covers board and lodging and local transport. But first you have to get there.

FAR EAST TRAVEL AND TOURISM II

Region likely to prove one of the busiest for world aviation

AIR TRAFFIC

MICHAEL DONNE

AT A time of recession in the world air transport industry, induced by soaring fuel costs and consequent industrial difficulties, it is refreshing to discover one region of the world where air transport development remains strong, and where the forecast through the mid-1980s is for a continued upward trend in passenger and cargo traffic.

Recent estimates by the International Air Transport Association (IATA) indicate that air travel within the Far East and the South Pacific region, which includes South-East Asia, is likely to rise at around the 9 per cent a year mark through the next few years, against an overall average rate of growth of about 5 to 7 per cent. While it is, of course, possible to find airlines within this vast region whose expansion does not match this overall average, and while all carriers are experiencing the effects of fuel price rises (and of cuts in fares), for the most part they are optimistic about the future.

Continuing

Probably the most significant development in the region's air transport affairs is the continuing battle over the number of airlines to be licensed on the London-Hong Kong air route, one of the prime routes linking Western Europe with the Far East. At present, as a result of a long saga of licensing hearings and Government intervention, three airlines now have full operating rights between London and Hong Kong—British Airways, British Caledonian Airways and Cathay Pacific Airways. One immediate result of this increase in the number of carriers (originally British Airways held the monopoly on the route) has been the introduction of cheaper fares on the route, which does appear (at least so far as B.Cal is concerned), to be showing an increase in traffic.

The next step is for Laker Airways, which has been given a licence for the route by the UK Government, to undergo a new public hearing in Hong Kong (starting on October 20) in its bid to win the necessary reciprocal licence from the Hong Kong Air Transport Licensing Authority (ATLA). It is hoped that if the Laker application is approved, services by the fourth carrier will begin before the end of this year.

It is significant that the Laker application is being opposed by all the other three airlines, none of which believes that the route in question can support a fourth airline. They have argued that if Laker is given the route, flying up to seven DC-10s each way every week, the route will be flooded with capacity, with a total of 775,000 seats being offered each year in each direction. This compares with the 210,000 passengers actually carried on the route in the financial year 1979-80, and an estimate of some 250,000 or about 20 per cent more, for the current 1980-81 financial year.

Laker Airways opposes this attitude vigorously. It argues strongly that similar gloomy predictions were voiced originally about its introduction of Skytrain on the North Atlantic route, but that in the event, in the three years since flights began in 1977, the Skytrain (now flying to New York, Los Angeles and Miami) has carried over 1.16m passengers, and Laker is now one of the top seven transatlantic airlines of all nationalities.

Laker believes strongly that its own particular brand of air travel can offer the public what it wants—cheap flying—although it is also fair to point out that British Caledonian is currently offering the cheapest rate yet on the route, of £99 single to Hong Kong on a Stand-by basis.

At this stage it is difficult to predict what will happen—either a fourth carrier on the route will result in even more vigorous competition, strong promotion and a surge of new traffic, especially in the packaged holiday market with low-cost tours from Europe to Hong Kong or there could prove to be too much capacity, resulting in depressed load factors and losses for all airlines. It is this conundrum that the Hong Kong ATLA has to consider at its hearings in the weeks ahead.

Outside the London-Hong Kong route, traffic throughout the Far East and South-East Asia appears to be holding up well, and most airlines believe that over the longer term, through the middle to late 1980s, the region is likely to be one of the busiest and most expansionist of the entire world air transport system.

This will be due to several factors. First is the growth in business traffic, since the Far East and South-East Asia include some of the world's most energetic and active industrial development regions—Japan, Hong Kong itself, Singapore and Taiwan—and, secondly, the growth of the area as a holiday region, with many attractions for Western holidaymakers, especially as air travel becomes more convenient, reaching into more and more new destinations, and the cost is progressively reduced.

Laker Airways again is in the forefront of this situation. It has an application in for a low-fare Skytrain operation from London through the Middle East and South-East Asia to Australia, with a public hearing expected in Australia some time in November. This is likely to be another classic battle, in that the Australian flag airline, Qantas, is expected to oppose Laker strongly, as is also British Airways, the Qantas partner on the "Kangaroo route."

Laker Airways also has outstanding an application for the trans-Pacific route, linking either Vancouver, San Francisco, Seattle or Los Angeles with Tokyo and Hong Kong. This route battle has been dormant for some time, pending the outcome of the Anglo-Canadian bilateral air talks. Now that these have been satisfactorily settled, with the UK entitled under the agreement to designate a new airline to fly trans-Pacific, it is expected soon to become another major battle-ground for UK airlines seeking new outlets in what are expected to become the expansionist years of the mid to late 1980s. Under the Anglo-Canadian pact, Air Canada will be entitled (subject to the necessary approvals from the other governments involved) to fly beyond London into Europe, Africa and points in Asia, while CP Air will be able to pick up passengers and cargo in Hong Kong for South-East Asia.

Eventuality

Another major new route that is likely to open before the end of this year is the British Airways service into Peking, initially via Hong Kong, but with direct services into China, by-passing Hong Kong, seen as an eventuality.

Most airline executives in the region believe that the long-term prospects for air traffic development there are excellent, despite some internal regional political problems. These include the differences of view between Australia and the ASEAN nations about the former's International Civil Aviation Policy, which the ASEAN countries argue protects civil aviation at the expense of other countries.

This feeling is also reflected in growing criticism by some countries of the Third World at the way in which the airlines of the bigger, developed countries tend to try to arrange air services (often at cheap fares) between themselves that take little account of the legitimate air transport and tourist interests of the countries in between.

This objection surfaced strongly at the annual meeting of IATA on (the world's airline "Parliament") in Manila last autumn, with strong attacks on the bigger Western, Australian and other major operators by smaller airlines in the Middle East, Africa and South East Asia.

One result of this was the creation by IATA of a new "task force" to study the ways in which the association could help to promote the aspirations of the developing countries, and the reports from that task force is due to be presented to the forthcoming annual meeting of the IATA in Montreal. Many airline executives believe that any continuance of this attitude on the part of the bigger airlines outside the region could result in a tougher attitude of protectionism by those smaller local airlines inside it, making it more difficult for the bigger carriers to get all that they want in the way of new routes.

One manifestation of the region's overall long-term confidence in air travel expansion is shown by the number of modernisation schemes for existing airports and new airports now under development, planned or under study throughout the region. In Singapore the new £500m airport at Changi, largely built on reclaimed land, is now well advanced, and is expected to be opened for traffic around the spring or early summer next year. In Hong Kong, a major new airport development is being studied on the island of Lantau, to replace by the late 1980s or early 1990s the existing Kai Tak which is becoming increasingly congested as air travel to and from the territory expands. In Japan, the continued environmental difficulties encountered at Narita, the new inland airport serving Tokyo, has led to suggestions that another entirely new airport might yet have to be built in Tokyo-Yokohama Bay, although no final decision has yet been taken on this.

Picturesque journeys in lands of many cultures

SOUTH-EAST ASIA

PHILIP BOWRING

THERE ARE two rival gateway airports to mainland South East Asia — Bangkok and Singapore. This is a boon for travellers who may well want to arrive by one and leave by the other. Points in between can be covered by car, train, bus or air, depending on the time available and the predilections of the traveller. But taking planes everywhere is as unnecessary as it is in Europe and ensures that at least half the interesting features of the countries concerned is missed.

The Bangkok-Singapore axis encompasses Thailand, Malaysia and Singapore. Bangkok used to be a convenient jumping-off spot for Indochina but tourists are alas no longer welcome in Vietnam, Laos or Kampuchea. The Thai capital, however, is still a convenient starting point for those who want to visit Burma. Rangoon is less than an hour's flight away. Visas for Burma are only valid for a week so visitors cannot afford to hang around if they want to see the country.

Burma is for serious tourists and for those who can stand a few discomforts. Hotels are basic, the food poor and there is no nightlife at all. But Burma has charming people, memorable sights and outside Rangoon gives a sight and feel of what both rural and urban south-east Asia looked like before the advent of the motorcycle, the Chinese shop house, banks, and Coca Cola.

Civilisation

Rangoon has the amazing Shwedagon Pagoda and crumbling colonial architecture. Pagan, the ancient Burmese capital and cradle of Burmese civilisation, is a "must" with its 5,000 temples spread out near the banks on the Irrawaddy.

The other "must" is Mandalay, a romantic name which does not disappoint. Rangoon, Pagan, the ancient Burmese station of Taunggyi are all linked by regular flights. But for those who can spare the time and accept the dust and delays Burmese Railways will take you to Mandalay from Rangoon in about 15 hours.

A little side-treat near Mandalay is the train which shunts back and forth up a steep escarpment to Maymo, a British-built hill resort where there are still roses, a golf course, horse-drawn carriages and a mock-Tudor guest house called Candacraig with open fireplaces in the rooms to keep you warm during the chilly winters.

After Rangoon, Bangkok is a shock with its noise, its traffic, its crowds and fumes. But there is no doubt that this is the queen of South-East Asian cities. Most of the worst things about Bangkok are highly visible. Turn off the main streets down little lanes and one is quickly in a Thai world of quiet little canals and houses with beautifully polished wooden floors.

Bangkok has a wealth of temples and palaces—though none is very old because this is historically the third major Thai capital. It is cosmopolitan yet intrinsically Thai, reflecting a culture which readily absorbs from others but is never swamped by them. The food is marvellous—but can be very hot.

There is also the night life, a major attraction for the Japanese and Germans who dominate the tourist business. Bangkok has the bawdiest bars and best massage parlours in the region.

Sin combines with sand and sun at Pattaya, a resort on the Gulf of Thailand two and half hours away by road, south east of Bangkok. Pattaya has plenty of plush hotels and a nice beach but it is garish. Visitors aiming for the beach would, if they have a little more time, do better to head for Hua Hin on the opposite shore of the Gulf, but further from the capital. Better still, they should head for Phuket Island on the Andaman Sea, 12 hours by road from Bangkok but also accessible by scheduled flight. Phuket is a miniature but much less developed version of Malayia's Penang.

After Bangkok and Pattaya the next tourist destination in Thailand is the northern city of Chiang Mai (which now has a direct air service to Hong Kong). Though it is Thailand's second largest city, Chiang Mai is tiny (population 200,000) and quiet by comparison with Bangkok but has a wealth of temples and handicraft attractions.

Chiang Mai lies in the plain. But nearby, to the north, the hill country starts in earnest. This is the beginning of the "Golden Triangle" of opium production and some colourful minority hill tribes. Intrepid travellers will proceed on to Chiang Rai, not far from the Mekong River which forms the border with Laos. Chiang Mai can be reached by air bus or train from Bangkok. Thai trains are a little slow but very comfortable and cheap. Second class sleepers are particularly good value.

Luxury buses are often quicker than trains—too quick in fact, and not to be recommended to those of a nervous disposition. More people die in bus crashes than on the Kampuchean border. To relax and enjoy the view take the train from Bangkok to Penang, a 20-hour journey which takes you from the flat plains of central Thailand down through the jungle-covered hilly isthmus which is southern Thailand. See rice give way to rubber, a centre of civilisation give way to a still somewhat lawless area of Communists, bandits and tin mines in southern Thailand. See Buddhism give way to Islam and Thais to Malays and end up in Penang, part of Malaysia but actually a product of the productive liaison between British mercantile imperialism and overseas Chinese business acumen.

Penang was one of the three British "Straits settlements," the others, Singapore and Malacca. There's nothing very dramatic about Penang but it is varied and absorbing and has a pleasant beach and good hotels. Above all it is remarkable for its ability to combine a diversity of cultural and economic interests into a harmonious whole.

Malaysia is short on major historical and cultural monuments. But for the tourist it's a relaxing country where the roads and hotels are good, most things work quite efficiently and English is widely understood.

From Penang it is about seven hours by road to Kuala Lumpur. The journey should more than satisfy any curiosities about what alluvial tin mines and rubber and oil palm estates look like.

Relaxing

Alternatively you can head south-east for the Cameron Highlands, 6,000 feet up, where along with cool air, exotic butterflies and fantastic walks are neo-Tudor architecture and a golf course. From there one can either go south to Kuala Lumpur or across to the east coast. This is thinly populated and has vast stretches of sandy beaches. Like everywhere else in Malaysia it can be wet — especially in November-February. But it is very relaxing. It is also very Malay, with few Chinese and Indians, who are almost a majority in the more developed Kuala Lumpur.

The Malaysian capital is pleasant and prosperous but has little to detain the tourist who may either head straight for Singapore, one hour by plane, eight by road and ten by train, mostly through endless rubber and oil palm estates, or take the coast road to Malacca, an historic town successively Malay, Portuguese, Dutch, British and now Malay again—but also always with very strong Chinese influence. All these nationalities have left their mark.

To find the marks of history in Singapore is more difficult, as a result of the urge to rebuild and modernise everything in sight. Singapore is now essentially a high-rise version of Welwyn Garden City. It still has Raffles Hotel, some Chinese shop houses, the Padang and some grandiose public buildings. But some of its tourist attractions are almost unashamedly "ersatz" Asia. Shopping is excellent, however, the hotels very comfortable. The food, if not the best in Asia is interesting in its diversity and in the way Chinese, Malay and Indian influences have uniquely mingled.

On the assumption that patience as well as wallets are thinner at the end of a tour rather than at the beginning, it is better for the tourist to arrive in Bangkok and leave from Singapore than vice versa.

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Continued on previous page

Equities show concern about plight of UK industry and Government's determination not to cut MLR yet

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sept. 29	Oct. 9	Oct. 10	Oct. 20
Oct. 13	Oct. 23	Oct. 24	Nov. 3
Oct. 22	Nov. 6	Nov. 7	Nov. 17

* "New time" dealings may take place from 9 am two business days earlier.

A distinctly dull tone emerged in London equity markets yesterday as investors became uneasy about the prospect of high interest rates continuing for some time yet; Minimum Lending Rate was unchanged yesterday, as expected.

With hopes deferred on the interest rate front market attention switched again to the plight of UK manufacturing industry owing to recession. Reports that ICI could be contemplating a sharp cutback in its troubled fibres division together with speculation about forthcoming trading statements from **Glaxo** and **Metal Box** added to the equity market unease.

Selling of the leaders was only light, but made an impression after an initial mark down, and the offerings found the market unwilling. The result was a further gradual decline and the close was only slightly above the session's lowest, indicated by a closing fall of 5.8 at 473.7 in the FT 30-share index: at 2 pm, the index had recorded a loss of 6.2. Among the constituents, Glaxo showed renewed weakness in front of next Monday's preliminary statement, while ICI, due to report third-quarter figures next month, remained a nervous market.

Elsewhere, movements in response to companies making trading statements were fairly numerous, while occasional speculative interest was also noticeable. Of the sectors, Properties trended easier as hopes of a cut soon in MLR faded, but there was little else worthy of mention.

The Government's apparent determination to hold interest rates for a while at their current high levels caused some initial nervous selling of Gilt-edged securities, but the offerings were soon absorbed. Thereafter, the market retained a fully steady tone in a sparse trade and the majority of long-dated Gilts closed marginally higher with selected stocks showing gains to ¼. Short-dated funds, in contrast, displayed isolated losses of a similar fraction.

Traded options attracted a total of 1,020 contracts, business being particularly good in the soon-to-expire October series.

Yesterday saw the official London listings of **Toshiba**, the Japanese electronic products group, and **Natomas**, a U.S. natural resources and transportation company; the former was quoted at 46p and the latter at £17¼.

Edinburgh & Gen. down

Quietly dull conditions prevailed in Insurances. **Edinburgh and General Insurance Services** eased 2 to 25p on the lower first-half profits and Board's forecast of a possible loss in the second half. **Phoenix** lost 6 to 300p and **Commercial Union** relinquished 5 to 165p, as did **London United Investments**, to 170p, and **Royals**, to 465p. Among Lloyds brokers, **Stewart Wrightson** dipped 6 to 212p.

Little of interest took place in a lethargic banking sector. Among dull Discounts, **Gerrard and National** gave up 7 at 280p; the interim results are due next Wednesday.

Wines and Spirits remained friendless following rumours that several brokers were in the process of downgrading their profit forecasts. **Arthur Bell**, preliminary results expected October 29, fell 6 to 168p, while **Highland** shed 3 more to 116p, **Macdonald-Martin A** were marked 20 lower to 460p. A marked lack of support was also evident for leading Breweries and **Bass** ended 4 down at 216p.

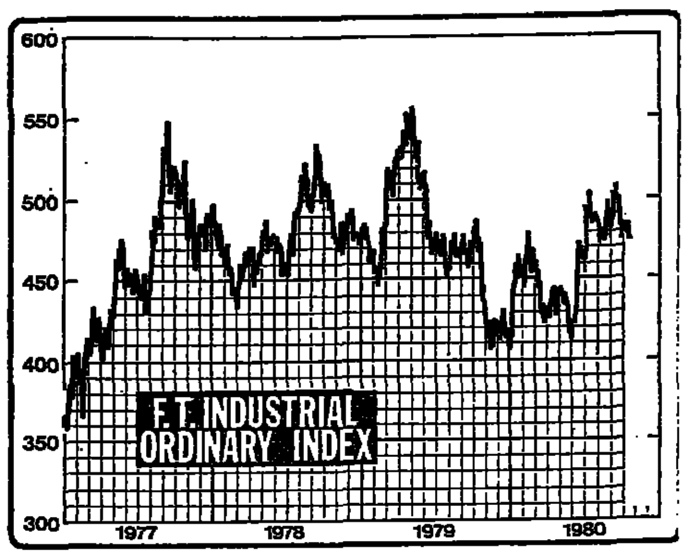
Against the trend in Buildings, **Higgs and Hill** firmed 5 to 82p on the sharply increased interim profits. Other issues gave ground on sporadic selling and lack of support, **Tarmac** losing 8 to 259p and **Ready Mixed Concrete** 4 to 178p. **Costain** declined 5 to 167p and **Redland** eased a couple of pence to 174p. The lower half-yearly profits and Board's gloomy remarks about current trading clipped a penny from **Hewden-Stuart**, at 41p, but **Ruberoid** improved 2 to 67p on the pleasing half-time results. Elsewhere, **M. J. Gleeson** added 2 more to 46p for a gain on the week so far of 8.

ICI dipped to 324p before closing a net 2 off at 328p still reflecting concern about the forthcoming third-quarter figures, but also on comment about the group's troubled fibres division.

Burton dull

Leading Stores continued to drift easier for want of attention. **Burton** gave up 4 for a two-day fall of 8 at a 1980 low of 97p, while **Gussies A** shed 8 more to 446p. **Debenhams**, 81p, and **Marks and Spencer**, 104p, both eased 2, while **Mothercare** closed 4 cheaper at 232p. Among secondary issues, "bear" closing helped **Harris Queensway**, 144p, recover 2 of the previous day's fall of 12 which stemmed from the disappointing interim results. The absence of bid developments clipped 3 from recently firm **J. Hepworth**, 87p, while profit-taking left **Cornell Dresses** a couple of pence easier at 74p and **Kean and Scott** 3 off at 102p. **Bentalls** fell to 23p in immediate response to the first-half profits slump, but relief over the maintained dividend left the shares only a penny easier on balance at 25p. **Moss Bros.** added 5 at 220p following the mid-term statement.

Electricals were notable mainly for renewed weakness in **Thorn EMI** which touched 328p before closing a further 5 lower at 331p on adverse comment. Other leaders drifted lower initially but rallied to close at their overnight levels. **GEC** finished unaltered at 515p, after 512p. But **Philips Lamps** contrasted with a gain of 16 to 376p. **Bowthorpe** retreated from an early firm level of 160p to close at 152p, down 2 on balance, following the chairman's second-half profits warning which accompanied details of increased interim earnings. Profit-taking after the recent good rise on good results left **Farnell** 6 off at 357p, while **Muirhead** declined a similar amount to 128p.



A firm market of late awaiting the interim results, **Greens Economiser** ran back 11 to 109p, the Board's warning about second-half prospects outweighing news of the good first-half profits increase. Comment on the poor interim results clipped 4 more from **Vosper** at 75p, while **R. Cartwright** continued to reflect the recent mid-term results shock and closed a further 8 down at 47p. **Jones Group**, however, rose 4 to 68p in response to sharply higher first-half profits and **Broux** hardened a fraction to 18½p, the latter also after trading news. **Victor Products** added 10 at 210p, while **Braithwaite**, 98p, and **United Engineering**, 170p, appreciated 5 apiece. The Engineering leaders drifted lower on sporadic offerings. **Vickers** were particularly vulnerable and finished 6 off at 130p, after 128p.

Foods mirrored the general trend, **J. Sainsbury** losing 10 to 495p and **Associated Dairies** shedding 6 to 218p. **Tate and Lyle** came on offer and lost 4 to 144p. Outside of the leaders, **Pyke** dropped 10 to 35p on the proposed £230,000 rights issue and estimated trading loss, while **Nurdin and Peacock** met with small selling and gave up 4 at 167p. Of the occasional bright spots, **Bluebird Confectionery** added 3 at 49p and **Watson and Philip** 4 at 40p. **Somportex** were again wanted and, in an extremely thin market, gained 15 more to 340p.

Huntleigh lower

Still plagued by talk that the company might announce a rights issue with next Monday's annual results, **Glaxo** encountered further selling and fell 6 more making a fall on the week so far of 26 at 216p. **Metal Box** lost a similar amount to 260p with sentiment still clouded by a recent Press forecast that the first-half profits, due to be announced on November 24, will be sharply down and that the dividend could also be in danger. Elsewhere in miscellaneous industrials, **Huntleigh** declined 14 to 120p, after 117p, on details of the proposed £1.8m rights issue and **Rockware** gave up 8 more to 60p, after 58p, on further consideration of the interim figures and the board's forecast of a second-half deficit. **European Ferries** came on offer at 160p, down 7½p, on further consideration of last week's placing of 15.76m shares in the company with various institutions at 150p per share. By way of contrast, **United Carriers** rose 7 to 193p following news of the proposed 100 per cent scrip-issue which accompanies the favourable interim results. **Gilves** hardened 2 to 47p on the announcement that Castlemere Properties had acquired a near 7 per cent stake and **Photo-Me** jumped 20 to 400p on trading news.

Continuing to draw strength from the favourable reception to the new Mini Metro, **BL** firmed 2 in a narrow market for a two-day gain of 4 at 25p. Elsewhere in Motors, **Tate of Leeds** declined 4 to 66p following lower interim profits.

Newspapers remained dull. **Pearson Longman** shed 6 to 179p, while **United** gave up 8 at 170p. **Associated Book Publishers** fell 5 to 200p awaiting today's half-time statement. Among Paper/printings, **Finlay Packaging** eased 2 to 26p following the reduced interim profits.

Fading hopes of a cut soon in interest rates prompted light selling of Properties among which **Land Securities** shed 4 to 380p and **MEPC** softened 2 to 234p. **Haslemere Estates** and **Great Portland Estates** lost 6 apiece at 368p and 218p respectively. Second-thoughts about the annual results left **M. P. Kent** 3 cheaper at 80p, while **Marler Estates** closed 4 down at 90p, after 87p, following news that discussions between Blade Investments, which holds a 48 per cent stake in the company, and an unnamed party had been terminated.

KcA good

Selected secondary issues provided most of the interest in oils. **KCA International** were prominent at 152p, up 9 while **Hunting Petroleum** put on 10 to 210p in belated response to the interim results. **Ultramar**, the subject of considerable bid speculation recently, touched 467p before closing a net 5 off at 455p. Sporadic selling clipped 6 from **Tricentrol** at 350p and 3 from **Burmah** at 185p. In the leaders, **British Petroleum** and **Shell** both ended a couple of pence cheaper, at 408p and 416p respectively.

Reflecting the easier tone in equities, Investment Trusts tended to lower levels. Recently firm split-capital issues were dull with **Triplevest Capital** closing 12 lower at 332p. **Dualvest Capital** and **Tor Capital** both shed 4 to 390p and 192p respectively, while **Camellia** dipped 10 more at 430p. A rare firm spot was provided by **Jardine Securities**, 11 better at 134p. Financials also turned easier and **Akroyd and Smithers** gave up 7 more at 363p. A couple of pence firmer before the annual meeting, **Hampton Trust** fell sharply to 66p before rallying to close a net 6 lower at 71p following news that Western Mining had decided to withdraw from the joint mining venture on the old Mount Martin mine.

Golds advance

South African Golds staged a strong advance as the bullion price surged $13 to $689.6 an ounce. Initial London, Continental and Johannesburg buying was followed by aggressive interest from the U.S. and prices rose sharply before easing a shade in the after-hours' trading. The Gold Mines index rose 14.9 to 531.5.

Gains in the heavyweights ranged to £3, as in **Randfontein**, £46, while **Hartebeest** rose £2¼ to £45¾, "**Amgold**" a like amount to £59¾, **President Brand** £1⅛ to £32⅞ and **East Driefontein** £1⅛ to £17⅛.

Financials moved similarly to Golds. In the overseas section, **Minorco** were outstanding and touched a year's high of 738p before closing a net 60 firmer at 730p, while **Anglo American Corporation** rose 10 to a 1980 high of 890p.

The home-based Financials were again featured by **Gold Fields** which jumped 23 more to 677p, after a year's peak of 680p following persistent and sizeable buying from the Continent.

Australians rallied well after the sharp reversals of the previous two days. Golds were particularly in demand as the bullion price moved up. **Poseidon** recovered 14 to 320p, North **Kalgurli** 4 to 111p and **Gold Mines of Kalgoorlie** 25 to 515p; the last named were additionally buoyed by the dividend announced late on Wednesday.

News that traces of hydrocarbons have been found at the Fitzroy River well at Noonkanbah in Western Australia encouraged speculative interest in **Australian Consolidated Minerals** 2 harder at 20p.

FINANCIAL TIMES STOCK INDICES

	Oct. 9	Oct. 8	Oct. 7	Oct. 6	Oct. 3	Oct. 2	A year ago
Government Secs.	70.94	70.94	71.11	71.07	70.76	70.71	71.06
Fixed Interest	72.03	71.92	72.03	71.96	71.72	71.67	71.93
Industrial Ord.	473.7	479.5	483.3	484.4	479.3	478.7	471.9
Gold Mines	531.5	516.6	522.9	522.3	509.5	515.8	294.9
Ord. Div. Yield	7.79	7.71	7.64	7.62	7.66	7.68	7.12
Earnings, Yld. % (full)	17.58	17.40	17.23	17.18	17.33	17.32	17.34
P/E Ratio (net) (*)	6.97	7.04	7.10	7.15	7.07	7.07	7.12
Total Bargains	20,181	20,188	20,993	21,605	20,156	20,593	16,467
Equity turnover £m.	—	113.55	118.87	112.92	133.02	137.47	132.06
Equity bargains total	—	15,101	16,728	16,185	16,214	15,075	17,393

10 am 476.2, 11 am 474.2, Noon 473.7, 1 pm 473.4, 2 pm 473.3, 3 pm 473.5.
Latest Index 01-246 8026.
*Nil = 6.48.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.54 (21/7)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind.Ord.	508.9 (12/9)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines.	558.9 (22/9)	265.5 (18/3)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 9	Oct. 8
—Daily		
Gilt Edged	95.3	91.3
Industrials	106.5	99.8
Speculative	70.5	59.2
Totals	77.0	71.6
5-day Avrge.		
Gilt Edged	103.8	107.0
Industrials	99.6	100.5
Speculative	78.3	83.9
Totals	75.6	77.0

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (52)
BRITISH FUNDS (1)
AMERICANS (2)
BANKS (1)
BUILDINGS (3)
STORES (1)
ELECTRICALS (4)
ENGINEERING (6)
FOODS (2)
INDUSTRIALS (11)
LEISURE (1)
NEWSPAPERS (1)
PROPERTY (2)
SHIPPING (1)
TRUSTS (3)
OIL & GAS (2)
OVERSEAS TRADERS (1)
MINES (10)

NEW LOWS (31)
CANADIANS (1)
CHEMICALS (2)
STORES (5)
ELECTRICALS (1)
ENGINEERING (5)
FOODS (1)
INDUSTRIALS (7)
MOTORS (2)
NEWSPAPERS (2)
PAPER (1)
RUBBERS (2)

GLC warned over sackings

UNION REPRESENTATIVES of 20,000 white-collar staff in the Greater London Council warned yesterday that they would consider industrial action if there was any attempt to impose compulsory redundancies.

The Greater London Council Staff Association said it was seeking an urgent meeting with Sir Horace Cutler, leader of the GLC, to demand a reiteration of a previous council pledge that there will be no enforced redundancies among staff. At the Conservative Party conference in Brighton Sir Horace predicted that by early next year the GLC expected to be employing between 400 and 500 people for whom it would have no work.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	32	19	46
Corpns., Dom. and Foreign Bonds	7	2	56
Industrials	137	335	849
Financial and Prop.	39	163	292
Oils	19	17	21
Plantations	—	14	19
Mines	73	28	56
Others	51	38	63
Totals	358	616	1,482

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Ultramar	25p	10	455	−5	460	206
Bowthorpe	10p	9	152	−2	172	87
ICI	£1	9	328	−2	402	328
BP	25p	6	408	−2	416	320
Cons. Gold Fields	25p	6	677	+23	680	385
European Ferries	25p	6	160	−7½	192	98
GEC	25p	6	515	—	540	326
GUS "A"	25p	6	446	−8	470	340
Racal Electronics	25p	6	317	—	341	175
RTZ 8½pcCnv.Uns. Ln. 1995-2000	Nil/pd.	6	£3¼pm	−¼	£15pm	£3¼pm
Thorn EMI	25p	5	331	−5	380	260
KCA Intl.	25p	5	152	+9	173	41
Plessey	50p	5	239	—	265	108
Shell Transport	25p	5	416	−2	432	314
Woolworth (F.W.)	25p	5	53	—	71½	51

OPTIONS

First Dealings	Last Dealings	Last Declarations	For Settlement
Oct. 6	Oct. 17	Jan. 8	Jan. 19
Oct. 20	Oct. 31	Jan. 22	Feb. 2
Nov. 3	Nov. 14	Feb. 5	Feb. 16

For rate indications see end of Share Information Service

Money was given for the call of Westland Aircraft, Cons. Gold Fields, Town and City Properties, British Land, FNFC, Sun Oil Royalties, Montague L. Meyer, Australian Consolidated Minerals, Double Eagle, Minster Assets, Imperial Continental Gas, M.Y. Dart, Lonrho, Duple, Bambers Stores and Charterhall. A put was done in Burton, while doubles were arranged in P and O Deferred, FNFC and BP.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1978. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✱ With warrants. †† Unlisted security. ‡ Dealings under special rule. ‡‡ London Listing. # Resulting from debt settlement scheme. Δ Linked units of 4 ord. and 1 option.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section. Thurs., Oct. 9, 1980.

	Equity groups & sub-sections	Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Oct. 8 Index No.	Tues., Oct. 7 Index No.	Mon., Oct. 6 Index No.	Fri., Oct. 3 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	279.99	−0.6	15.75	5.91	7.72	281.63	283.86	282.80	280.03	241.29
2	Building Materials (28)	247.97	−1.0	19.00	6.91	6.26	250.58	250.75	250.38	248.48	236.34
3	Contracting, Construction (27)	417.33	−0.8	22.04	5.94	5.35	420.75	419.62	416.97	413.17	375.50
4	Electricals (17)	862.78	−0.2	11.28	3.09	10.89	864.17	876.32	871.00	856.72	620.05
5	Engineering Contractors (11)	342.81	−0.1	18.06	7.54	7.06	343.29	343.12	342.58	341.91	328.12
6	Mechanical Engineering (72)	176.51	−0.8	16.44	7.62	7.42	177.91	178.82	178.77	177.69	163.49
8	Metals and Metal Forming (16)	153.28	−0.8	19.05	10.58	6.53	154.50	157.15	156.31	156.34	159.40
11	CONSUMER GOODS (DURABLE) (48)	238.04	−0.7	13.49	5.29	8.86	239.80	242.80	240.76	238.33	237.58
12	Lt. Electronics, Radio, TV (14)	367.07	−1.0	10.37	3.77	11.72	370.60	375.79	371.85	368.26	341.21
13	Household Goods (13)	88.75	—	25.49	11.08	4.96	88.76	89.15	88.74	88.54	142.95
14	Motors and Distributors (21)	96.99	−0.1	22.40	9.65	5.14	97.08	97.93	97.76	96.47	110.81
21	CONSUMER GOODS (NON DURABLES) (171)	234.52	−1.2	17.54	6.89	6.89	237.32	238.48	237.61	236.16	238.65
22	Breweries (14)	275.38	−1.3	16.51	6.69	7.07	279.09	278.84	278.13	275.71	293.01
23	Wines and Spirits (5)	296.09	−0.9	20.67	6.88	5.72	298.78	299.18	301.75	301.50	321.52
24	Entertainment, Catering (17)	342.90	−0.7	16.90	6.52	7.29	345.34	346.03	340.79	339.07	318.85
25	Food Manufacturers (22)	217.44	−0.7	18.45	6.98	6.39	218.99	219.66	218.44	217.79	213.31
26	Food Retailing (13)	380.48	−1.7	12.30	4.06	9.67	386.91	388.08	384.36	382.91	317.79
32	Newspapers, Publishing (12)	440.33	−0.6	21.67	6.61	6.18	443.17	447.85	450.96	450.27	429.53
33	Packaging and Paper (15)	121.07	−0.8	28.88	10.69	4.03	122.09	122.77	124.46	124.69	131.73
34	Stores (44)	231.70	−1.3	13.26	5.44	9.85	234.76	237.18	236.94	234.09	235.29
35	Textiles (21)	118.88	−0.6	26.35	12.96	4.62	119.61	120.24	120.13	119.35	155.71
36	Tobaccos (3)	218.89	−2.2	26.22	10.64	4.34	223.85	224.34	221.36	221.85	241.27
37	Toys and Games (5)	27.75	—	8.10	13.74	28.53	27.75	27.64	27.99	27.99	65.75
41	OTHER GROUPS (98)	217.02	−0.9	16.12	7.20	7.43	218.94	219.97	221.17	220.22	208.86
42	Chemicals (16)	292.40	−0.7	18.12	8.30	6.45	294.41	294.80	300.16	299.18	291.72
43	Pharmaceutical Products (7)	224.07	−1.5	11.20	6.18	11.05	227.58	230.89	233.34	232.77	232.66
44	Office Equipment (6)	102.83	−0.5	19.87	8.07	5.87	103.38	105.37	104.92	102.01	120.78
45	Shipping (10)	562.23	−2.0	13.56	6.50	9.00	573.99	574.07	565.10	558.30	477.06
46	Miscellaneous (59)	279.01	−0.5	16.61	6.68	7.34	280.54	280.93	279.94	279.69	246.92
49	INDUSTRIAL GROUP (488)	249.43	−0.9	16.43	6.57	7.35	251.73	253.30	252.79	251.02	239.44
51	Oils (12)	869.33	−0.5	27.64	6.05	4.03	873.85	873.08	884.37	869.74	707.73
59	500 SHARE INDEX	298.47	−0.8	18.99	6.45	6.19	300.95	302.34	302.76	299.98	276.95
61	FINANCIAL GROUP (118)	248.65	−1.0	—	5.28	—	251.04	251.73	251.74	249.99	196.76
62	Banks (6)	248.15	−0.7	41.18	6.79	2.91	249.83	249.21	249.67	249.01	229.72
63	Discount Houses (10)	287.27	−1.1	—	6.18	—	290.55	296.26	296.26	296.26	253.79
64	Hire Purchase (5)	234.10	—	10.60	4.31	12.73	234.21	234.83	233.28	227.21	183.64
65	Insurance (Life) (10)	258.84	−1.2	—	5.09	—	262.05	262.47	262.86	262.81	162.49
66	Insurance (Composite) (9)	173.88	−1.5	—	6.53	—	176.48	177.90	178.32	177.02	127.33
67	Insurance Brokers (9)	341.30	−1.7	13.50	6.77	10.14	347.07	349.20	348.56	343.85	274.30
68	Merchant Banks (13)	147.99	−0.5	—	5.14	—	148.72	148.05	147.22	145.52	99.97
69	Property (45)	459.72	−0.8	3.14	2.61	44.39	463.45	464.96	464.22	459.21	374.79
70	Miscellaneous (11)	154.20	−0.3	16.82	6.16	7.52	154.70	155.24	154.83	153.99	124.19
71	Investment Trusts (109)	276.72	−0.5	—	5.25	—	277.97	278.51	276.13	274.39	218.10
81	Mining Finance (3)	269.60	+2.2	13.18	4.86	9.04	263.86	267.32	267.12	261.35	140.16
91	Overseas Traders (20)	454.27	−1.0	11.09	6.51	10.86	458.64	459.37	457.50	458.42	352.94
99	ALL-SHARE INDEX (750)	290.88	−0.7	—	6.11	—	293.07	294.32	294.41	291.86	254.75

FIXED INTEREST PRICE INDICES

	British Government	Thurs., Oct. 9	Day's change %	Wed., Oct. 8	xd adj. today	xd adj. 1980 to date
1	Under 5 years	107.48	−0.04	107.53	—	7.62
2	5-15 years	113.97	+0.08	113.88	—	9.59
3	Over 15 years	119.33	+0.10	119.73	0.51	10.70
4	Irredeemables	133.58	+0.16	133.36	—	9.02
5	All stocks	113.34	+0.05	113.47	0.18	9.18

FIXED INTEREST YIELDS

British Govt. Av. Gross Red.

			Thurs., Oct. 9	Wed., Oct. 8	Year ago (approx.)
1	Low Coupons	5 years	11.52	11.53	10.45
2		15 years	11.52	11.53	10.97
3		25 years	11.52	11.53	11.50
4	Medium Coupons	5 years	12.95	12.93	12.58
5		15 years	13.11	13.12	12.62
6		25 years	12.90	12.90	12.66
7	High Coupons	5 years	13.11	13.07	12.98
8		15 years	13.35	13.36	13.11
9		25 years	13.12	13.13	12.97
10	Irredeemables		11.14	11.15	11.31

		Thurs., Oct. 9 Index No.	Thurs., Oct. 9 Yield %	Wed. Oct. 8	Tues. Oct. 7	Mon. Oct. 6	Friday Oct. 3	Thurs. Oct. 2	Wed. Oct. 1	Tues. Sept. 30	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	53.80	†13.78	53.80	53.81	53.79	53.72	53.71	53.88	53.80	57.10
16	Investment Trust Prefs. (15)	51.52	13.14	51.52	51.52	51.52	51.52	51.52	51.78	51.78	49.89
17	Coml. and Indl. Prefs. (20)	67.49	13.28	67.53	67.69	67.82	67.85	67.91	68.18	68.18	68.18

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3. 01-283 3531
Gartmore Fund Managers (C.I.) Ltd. (a)(h)
41, Broad St., St. Helier, Jersey. 0534-73741
Gartmore Fund Managers (Far East) Ltd. (a)(h)
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Lloyds Int. Growth	SF577.50	616.50	—	0.60
Lloyds Int. Income	SF288.50	299.50	—	6.00

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, EC2. 01-588 4000

[illegible]

INDUSTRIALS—Continued

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
54	45	Hargreaves 20p	51	......	3.96	2.2	11.1	(4.9)
86	60	Harris (Ph.) 20p	83	......	5.5	1.6	9.5	(7.9)
46½	31	Harris & Sheldon	37xd	......	3.0	2.3	11.6	5.1
34	20	Hawkins & Tipson	22	......	‡1.0	3.2	‡	6.7
16¼	8½	Hawtin 5p	8¾	......	0.25	8.6	4.1	3.0
66	46	Hay (Norman) 10p	65	......	3.35	1.9	7.4	10.1
106	57	Henslaer 'A' 10p	101	......	♦2.5	3.5	3.5	11.6
112	86½	Hepworth Crmc.	94½	−1½	5.0	3.3	7.6	4.6
36	22	Hestair	26	−1	1.0	1.0	5.5	(1.5)
50	32	Hewitt (J.)	37	......	1.5	9.8	5.8	2.0
43	24	Highgate & Job 50p	26	......	—	—	—	—
65	45	Hill (Chas.) £1	47	......	—	—	—	—
33	17	Hirst Mal'son 20p	20	......	‡2.6	1.4	‡	(3.8)
100	75	Holden (A.)	100	......	5.0	3.3	7.1	4.9
31	23	Hollis Bros	28	......	1.4	1.4	7.1	(12.7)
98	70	Holt Lloyd Int. 10p	70	......	h3.17	2.5	6.6	7.0
182	118	Hoover 'A'	127	+4	‡12.0	0.9	‡	(12.0)
112	52	Hoskins & H 20p	52	......	‡8.0	1.5	‡	3.8
80	54	Howard Tenens	68	+1	2.28	2.8	4.8	12.5
377	290	Hunting Assoc.	390	−2	5.0	6.0	2.0	9.0
137	66	Huntleigh 10p	120	−14	¶1.5	2.8	1.9	28.5
125	55½	Hutch Whamp SHK1	125	+7½	HK$0.28c	2.6	1.9	20.2
25½	16	Hyman (I. & J.) 5p	16	−½	1.25	3.6	11.2	3.5
£13⅜	845	I.C. Industries‖	£12⅞	......	Q$2.00	—	7.3	—
196	111	ICL	144	−3	†h2.97	7.4	3.0	4.9
32	24	Ingall Inds. 10p	32	......	2.27	♦	10.6	♦
193	107	Initial Services	191	......	7.5	1.3	5.6	9.4
18	9	Inter-City 20p	12	......	0.6	1.8	7.1	(9.2)
57	39½	J. B. Holdings 10p	48	......	3.0	2.1	9.2	7.2
150	100	Jacksons Bourne	103	......	♦5.0	♦	6.9	♦
11½	4	James (M.) Inds. 10p	11	......	0.75	3.9	9.7	3.1
237	180	Jardine M. SHK5	257	+6	HK88c	1.9	3.1	18.0
29	16	Jentique	16	......	1.03	♦	9.2	♦

INSURANCE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Continued

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28	21	Acmex 50c	28	......	—	—	—
24	12	ACM 20c	20	+2	—	—	—
152	52½	Bond Corp.	135	......	Q7½c	♦	2.9
156	88	Bougainville I Kina	118	......	[illegible]	1.0	11.3
*347	221	CRA 50c	304	+3	t015c	2.1	8.6
25	11½	Canada Northwest	17	......	—	—	—
42	8	Carr Boyd 20c	28	−1	—	—	—
405	152½	Central Pacific	365xc	+5	—	—	—
41	17	Cultus Pacific N.L.	27	......	—	—	—
52	20	Eagle Corp. 10c	35	+3	—	—	—
28	15¼	Endeavour 20c	25	......	—	—	—
600	175	G. M. Kalgoorlie 25c	515	+25	Q13c	♦	1.3
46	15	Great Eastern	25½	......	—	—	—
245	130	Hampton Areas 10p	215	−5	h2.25	2.4	1.5
204	30	Haoma Gold N.L.	160	+12	—	—	—
62	15	Intl. Mining	42	......	—	—	—
720	80	Leichardt Expln.	130	−10	—	—	—
30	7	Metals Energy	17	......	—	—	—
91	41	Metals Ex. 50c	68	−2	Q3c	♦	2.3
37	8½	Metramar Mns. 20cts.	24	−1	—	—	—

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
97	52	Barymin	55	+1	—	—	—
17	12	Burma Mines 10p	15	......	0.62	1.1	6.0
287	55	Colby Res. Corp.	273	+3	—	—	—
502	250	Cons. Murch. 10c	290	......	t030c	1.8	5.9
180	80	††Hemerdon 10c	95	−10	—	—	—
585	325	Northgate C$1	520	......	—	—	—
*486	322	R.T.Z.	447xd	+5	t16.0	3.2	5.1
49	16	Robert Mines	45	−1	—	—	—
114	91	††SPO Minerals 10p	114	......	—	—	—
58	26	Sabina Inds. C$1	42	−3	—	—	—
51	31	††SWCM 10p	42	......	—	—	—
650	411	Tara Expln. $1	570	+5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	IRISH	Price	+ or −
Albany Inv. 20p	35	......	Conv. 9% '80/82	£94¼	......
Bertam	15	......	Nat. 9¾% 84/89	£83¾	......
Bdg'wtr. Est. 50p	470	......	Fin. 13% 97/02	£90⅝	......
Craig & Rose £1	£11	......	Alliance Gas	51	......
Fife Forge	57	......	Arnott	212	......
Finlay Pkg. 5p	28	......	Carroll (P.J.)	75	......
Graig Ship. £1	£17	......	Clondalkin	106	......
Higsons Brew.	70	−3	Concrete Prods.	85	......
Holt (Jos) 25p	255	......	Heiton (Hldgs.)	34	−2
I.O.M. Stm. £1	158	......	Ins. Corp.	300	......
Pearce (C. H.)	480	......	Irish Ropes	98	......
Peel Mills	45	......	Jacob	35	+2
Sheff. Refrshmt	99	......	T.M.G.	62	−1
Sindall (Wm.)	141	......	Unidare	80	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	27	Utd. Drapery	6½
BOC Intl.	6	"Imps"	6½	Vickers	12
B.S.R.	4½	I.C.L.	14	Woolworths	5½
Babcock	8	Inveresk	4	**Property**	
Barclays Bank	34	Ladbroke	15	Brit. Land	7
Beecham	10	Legal & Gen.	15	Cap. Counties	9
Blue Circle	25	Lex Service	8	Land Secs.	26
Boots	16	Lloyds Bank	24	MEPC	17
Bowaters	15	"Lots"	3½	Peachey	13
B.A.T.	20	London Brick	6	Samuel Props.	12
Brown (J.)	6	Lucas Inds.	17	Town & City	2
Burton 'A'	10	"Mams"	14	**Oils**	
Cadburys	5½	Mrks. & Spncr	8	Brit. Petroleum	32
Courtaulds	8	Midland Bank	26	Burmah Oil	28
Debenhams	8	N.E.I.	5	Charterhall	10
Distillers	17	Nat. West. Bank	27	KCA	11
Dunlop	7½	P & O Dfd.	10	Premier	13
Eagle Star	15	Plessey	14	Shell	35
F.N.F.C.	2¼	Racal Elect.	22	Tricentrol	40
Gen. Accident	21	R.H.M.	4½	Ultramar	35
Gen. Electric	30	Rank Org.	15	**Mines**	
Glaxo	18	Reed Intnl.	16	Charter Cons.	14
Grand Met.	12	Sears	5	Cons. Gold	40
G.U.S. 'A'	34	Tesco	6	Lonrho	8
Guardian	23	Thorn	23	Rio T. Zinc	35
G.K.N.	20	Trust Houses	12		
Hawker Sidd	15	Tube Invest.	23		
House of Fraser	15	Unilever	40		
		U.D.T.	5½		

A selection of Options traded is given on the London Stock Exchange Report page

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INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
97½	87¼	Sunderland 12¾pc 1984	96¾	+¼	12.76	13.49
91	83¼	Aust. 5½pc '81-82	89¾	......	6.14	14.68
85¼	72½	Do. 6pc 1981-83	84¼	......	7.30	13.09
67	55	N.Z. 7¼pc 1988-92	67	......	11.16	13.17
82	72	Do. 7½pc '83-86	82	......	9.42	12.60
95¼	83	Sth. Africa 9½pc '79-81	93½xd	......	10.05	15.38
160	95	S. Rhod. 2½pc Non-Ass.	103	−1	—	27.55
169	133	Do. 6pc '78-81 N.-As.	149	+1	—	25.35

LOANS

Public Board and Ind.

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
64½	56½	Agric. Mt. 5pc '59-89	63½	......	7.96	12.04
83½	73½	Alcan 10½pc '89-94	83	......	12.77	13.40
29¾	25	Met. Wtr. 3pc 'B'	29	......	10.45	12.59
104½	89	U.S.M.C. 9pc 1982	104½	+½	8.90	—
92	85½	Do. without Warnts.	91½	......	10.20	13.90

Financial

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99⅛	95½	FFI 13pc 1981	99	+⅛	13.13	15.77
101½	93½	Do. 14pc '83	100¼	......	13.97	13.87
88	79½	FFI Vk Fn 5½pcDb. '80-2	87	......	6.34	13.50
82½	71½	Do. 6¼pcDb. '81-84	82	−½	7.88	12.90
92	80½	Do. 10¾pc Uns.Ln. '86	92	......	11.79	13.50
92	77	Do. 11pc Uns.Ln. '88	92	......	12.38	13.10
94½	82	Do. 11¾pc Uns.Ln. '90	94½	......	12.90	13.05
101	84½	Do. 12¼pc Un. Ln. 1992	95	......	13.29	13.55
66½	56	Do. 7¼pcADeb. '89-92	66	......	11.47	13.45
66½	51½	Do. 7¼pcADeb. '91-94	62	......	11.82	13.45
76½	64½	Do. 9pc 'A' '91-94	72½	+½	12.56	13.60
71½	61	Do. 8⅞pcLn. '92-97	69½	......	13.10	13.70

FOREIGN BONDS & RAILS

1980 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
82	43	Antofagasta Rly.	65	......	—	—
55	50	Do. 5pc Pref.	55	......	—	—
98	98	Chilean Mixed	98	......	3	13.10
58	18	Chinese 4½pc 1898	18	......	—	—
45	17	Do. 5pc 1912	17	......	—	—
24	11	Do. 5pc 1913	11	......	—	—
24	11	Do. 5pc '25 Boxer	12	......	—	—
96¾	92½	Denmark 13pc 2005	95	−¼	13	13.81

AMERICANS

CANADIANS

1980 High	Low	Stock	Price	+ or −	Div. Gross	C'vr	Yld Gr's
10	570p	Hawker Sid. Can.	10	+¼	96c	—	3.6
22¾	12¾	Hollinger $5	20⅞	......	$2.20	—	4.0
11⅜	850p	Hudson's Bay	865pxd	+5	$1.20	—	5.2
14⅞	925p	Hud. B. Oil G. $2½	11⅛	−⅛	h57½	—	1.9
21⅞	13⅛	Imperial Oil	15⅜	−⅛	$1.40	—	3.5
14	555p	Inco	10	......	72c	—	2.8
565p	425p	Int. Nat. Gas $1	500p	−5	$1.60	—	7.6
495p	242p	Massey Ferg.	250	+8	—	—	—
200p	97p	Place Gas $1	115p	+5	—	—	—
14⅝	10½	Rio Algom	13⅝	+⅛	$1.50	—	4.2
19¾	14⅛	Royal Bk. Can. $2	19xr	......	$2.72	—	0.1
25⅞	15⅞	Seagram Co. C$1	24⅛	−⅛	$$1.10	—	2.0
12	890p	Tor. Dom. Bk. $1	10⅝xd	+⅛	$1.44	—	5.1
10½	770p	Trans Can. Pipe	770p	−30	$1.16	—	5.7

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PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
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FINANCIAL TIMES
Friday October 10 1980

PRESTWICK AND MANCHESTER TO JOIN SKYTRAIN NETWORK

UK airlines given more routes

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

COMPETITION on the North Atlantic air route, already one of the busiest in the world, will increase next year as a result of decisions by the UK Civil Aviation Authority to give more route licences to British airlines.

The most significant of the decisions announced yesterday is to widen the scope of the Laker Airways' cheap-fare Skytrain which already operates between Gatwick and New York, Los Angeles and Miami.

Laker will now be able also to fly to Tampa, Florida, from next April 1. But it can also immediately fly between Manchester and New York, and from both Manchester and Prestwick to Los Angeles.

Among the other major new route awards by the authority, British Midland Airways, another independent airline, is given the right to fly from Birmingham and Belfast to New York from April 1, 1982.

British Airways is given the route from Heathrow to Pittsburgh from April 1, 1981.

British Caledonian Airways has been given the right to serve San Juan, Puerto Rico, from April 1 next year, as a stop on its existing route to Caracas, Lima and Bogota.

But some requests by the airlines for new routes have been either deferred, or rejected outright.

British Airways' bid for routes to Minneapolis/St. Paul, Cleveland and Kansas City have been deferred, as have British Caledonian's bid for Minneapolis/St. Paul, and Laker's bid for Baltimore.

Applications from Laker to serve Detroit and to serve Prestwick on the route between Gatwick and New York, and that from BA to serve Tampa, have all been rejected.

While the new awards will intensify competition on the route, the CAA does not see them as a move by the UK towards "deregulation" on the North Atlantic.

The UK strategy is to rely on a more cautious, evolutionary rather than revolutionary approach, "so as to take the best advantage of the available opportunities and at the same time to conserve the strengths of the more limited number of British airlines," the authority said.

"The UK is concerned that a British airline should have the opportunity to establish and consolidate its services to one gateway before service to another competing gateway is introduced."

The authority's decisions are intended to enable the airlines to maximise their profit potential on the North Atlantic, by giving the customer the widest possible range of routes, airlines and prices.

But at the same time, it does want to see UK airlines following the example of U.S. airlines over the past few months, where some of those flying to Europe have withdrawn services because of lack of traffic and low revenue yields. Braniff, for example, intends withdrawing flights to Amsterdam and Paris this winter.

Another factor n the CAA's thinking is the long-term development of Gatwick as an alternative to Heathrow for long-distance flights.

It also wants to encourage greater use of provincial airports—such as Manchester, Prestwick and Birmingham—as a means of taking the strain off London's airports.

The next move will be for the UK Department of Trade to inform the U.S. Civil Aeronautics Board that it is designating the new routes under the Anglo-U.S. Bermuda Two air agreement.

The U.S. Government can then either accept or reject the routes, depending upon its own airlines' attitudes. Since the UK has been careful to award routes that are not likely to clash with U.S. plans, or take traffic away from U.S. airlines, there seems little doubt that the routes will be approved.

The UK itself has, in the past few years, approved a substantial increase in the number of U.S. services into the UK—notably by Braniff, Delta, Northwest and Western. More are likely in the period immediately ahead. This is another factor that is likely to influence the U.S. in favour of the new British plans.

BA tempts visitors, Page 7

Savers may be urged to back small businesses

By John Elliott, Industrial Editor

A NEW TAX exemption scheme to encourage small savers to invest in new businesses is one of a range of industrial policy initiatives which will be considered next week by a special Cabinet committee.

A Government-backed bank loan guarantee scheme—which is being called for with increasing urgency by organisations representing small businesses—will also be considered, along with new arrangements for providing loans through existing agencies such as the National Enterprise Board.

Ministers have become increasingly concerned in recent weeks about the impact of the recession on small businesses, as illustrated by this week's report of a rapid rise in the number of bankruptcies in the third quarter of this year.

Small businesses are being hit especially hard by large companies de-stocking. Ministers are worried that lasting damage may be done to the small firms sector of the economy on which they pin many of their hopes for industrial recovery.

But Sir Keith Joseph, Industry Secretary, is loathe to go against his basic belief and argue for increased public expenditure to aid the private sector—especially when he has been forced to authorise substantial extra help for the steel and shipbuilding industry.

As Sir Geoffrey Howe, Chancellor of the Exchequer, indicated at the Conservative Party conference in Brighton yesterday, there are as yet no plans for fresh measures to be introduced immediately. Ministers first ordered civil servants to review industrial aid policies three months ago. Now, they are stepping up their interest in the small business area at the same time as estimates are being prepared for next year's departmental budgets.

The tax exemption would complement tax concessions against losses in new businesses introduced earlier this year. It is being compared to the mortgage option scheme which operates for low wage earners.

Small savers investing in newly created businesses would reap only a low rate of interest but would not have to pay tax on the proceeds.

Ministers are more interested in developing this idea than the bank loan guarantee scheme, even though it would reduce tax revenue.

The loan scheme might, however, go ahead later. One idea is that the Treasury or Bank of England would underwrite perhaps 80 per cent of clearing bank loans to small businesses and would be recompensed by the banks charging borrowers 3 per cent above their normal rate, 2 per cent of which would go to the government.

The other loans plan involves the NEB and the Council for Small Industries in Rural Areas providing loans for companies which are approved by the Department of Industry's counselling service but which cannot raise loans in the private sector.

The NEB has already been told by the Government to help small businesses by providing loans of up to £50,000. Talks are expected to start soon between the organisations involved.

THE LEX COLUMN

Watering down the oil bonds

The long delayed statement on the injection of private capital into the British National Oil Corporation, which was last expected in July, finally surfaced yesterday—but it raises the question of what the Department of Energy has been doing all this time. Thus the BNOC revenue bonds fail sadly to live up to their billing as the small saver's way into the North Sea: from the vague description offered, they appear to be no more than slightly gimmicky National Savings Certicates. As for the scheme to sell the public an equity stake in the production side of BNOC, this has got no further than a proposal to introduce enabling legislation.

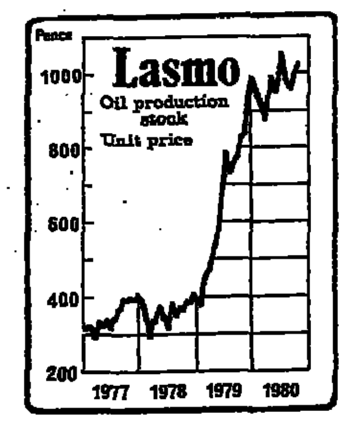
It appears that the BNOC revenue bonds will carry an interest rate (accumulated year by year to avoid the administrative problems of making small individual payments) which will be linked to revenues from specified BNOC North Sea fields. However, the money from the sale of the bonds will not be collected by BNOC, nor will the liabilities appear on BNOC's balance sheet. In fact, BNOC's only involvement seems to be in the supply of revenue data.

On the face of it, the bonds will only give very marginal exposure to the oil price. The coupon will rise with revenues, but there is no indication that the principal will be in any way indexed. Moreover it is not clear whether the bonds will be tradeable on a secondary market, so that they would offer scope for capital gains at times of rising oil prices.

If the bonds are to be non-negotiable they will only be attractive to long term holders (although there will be an instant encashment facility). So unless there is a favourable tax treatment it is hard to see that they could have anything like the impact of index-linked granny bonds. Which is a pity, because a truly oil-linked security could have a tremendous appeal and raise a great deal of revenue for the Government. The potential has been illustrated, for example, by the LASMO oil production stock which has offered substantial geared up exposure to the Ninian field and has roughly trebled in value over the past two years.

Certainly the Department of Energy's scheme bears little resemblance to foreign oil-linked revenue raising instruments like Mexican petrobonds, and does not even look like any of the various alternative proposals put forward by BNOC itself last year, at a time when it seemed that new ways of financing the PSBR were urgently required. It is true that a sale of equity in BNOC could still prove a very important affair. But because so much time has elapsed there must be doubts about whether a really substantial marketing exercise will ever take place.

Index fell 5.8 to 473.7



Nissan Motor

The spate of public offerings by Japanese companies tailored for the foreign investor continues apace. No sooner have glamorous electricals like Matsushita and Sony announced in quick succession record breaking issues of common stock —amounting to $430m between them—than the less fashionable car sector begins to show an interest. Yesterday there were indications that Nissan Motor is preparing to make the largest ever Japanese issue of European Depositary Receipts. At the usual 6 or 7 per cent discount to the current price the 50m issue would raise about $155m.

Manufacturing companies are clearly keen to take advantage of the surge in interest in Japanese equities over the last three months or so. At the same time there is an incentive to move ahead of a possible tightening in the rules for public issues. In the first nine months of the year net buying of Japanese equities from abroad is estimated at $3.6bn, of which $2bn came through in the record months of August and September. Not surprisingly, foreign holdings are approaching the 25 per cent limit which applies to most companies. The number of companies closed to foreigners has risen from 30 to 37 this year and prior clearance from the Bank of Japan on a foreign purchase is needed for 26 companies now, against six at the beginning of the year. However, there is a chance that the normal limit may be raised to 30 or 35 per cent in December.

In contrast to some of the popular electrical stocks, the Nissan share price has performed sluggishly and is now, at Y703, no higher than it was two years ago. Furthermore, there must be worries that the Japanese motor industry is facing a tough period with the U.S. industry poised to fight back and protectionist sentiment growing. Certainly, net profits at Nissan are expected to drop by a good tenth this year, while a yield of less than 2 per cent implies that buyers are pinning their hopes on nothing less than that the company will emerge at the commanding heights of the wold motor industry over the long term.

Public borrowing

Everyone should take off their hats to the Government, which —as the Chancellor reminded the Tory party conference yesterday—has made substantial progress in the field of reducing public expenditure. But for this progress spending might well be out of control, whereas yesterday's Central Government Borrowing Requirement figures show that supply service expenditure was no more than 30 per cent above the level of a year ago. After the payment of £1.1bn of petroleum revenue tax and a higher yield from VAT (last September the VAT increase had not worked through to the Government accounts) the September CGBR comes out at £800m, against £1.74bn in September 1979.

Like manufacturing industry, the Government is finding that its costs — particularly wages and debt service—are beginning to rise much faster than revenue. Private sector inflation, however, is just not fast enough to keep the VAT receipts rising rapidly.

The Treasury still has everything to prove regarding its indication of a month ago that the public sector borrowing requirement would not overshoot its 1980-81 target of £8.5bn by any serious margin. It was forecast in the Budget that the PSBR would be £¼bn below the CGBR, thanks to an improvement in the finances of the nationalised industries, which now looks inconceivable, even if the Mini Metro is very special indeed. And since the Budget the removal of the banking corset has enabled local authority borrowers to borrow freely from the banks rather than from the Government, thus inflating the PSBR relative to the CGBR. It is quite possible that the CGBR may turn out more or less on target while the PSBR overshoots by £2bn, EEC rebate and all.

Continued from Page 1

Indonesia

The methanol plant contract at Bunyu, thought to have been won by a consortium led by Davy McKee, now seems likely to go instead to Lurgi, the West German engineering company.

Bechtel has been ordered to transfer its work on the 200,000 b/d Balikpapan oil refinery in East Kalmantan from its British subsidiary to the U.S.

Other contracts now in doubt include an order for radar communication equipment, an order for 60 BL double-decker buses, and for steel bailey bridges worth about £8m.

Britain has a substantial trade surplus with Indonesia. In the first eight months of this year, exports at £60m exceeded imports by £18m. If it were not for the fact that a principle seems to be at stake, then the British Government might appear to have bowed to Indonesian demands—the extra textile exports are worth just £10m a year.

Weather

UK TODAY

RAIN will spread eastwards.

Outlook: Sunny intervals. Showers in the north, warmer in the west.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	18	64	Lisbon	C	19	66
Algiers	C	22	72	Locarno	C	15	59
Amsdm.	F	12	54	London	S	13	55
Athens	S	26	79	Luxmbg.	C	6	43
Bahrain	S	33	91	Luxor	S	38	100
Barclna.	S	19	66	Madrid	F	16	61
Beirut	S	26	79	Majorca	C	19	66
Belfast	F	9	48	Malaga	S	22	72
Belgrd.	R	20	68	Malta	F	22	72
Berlin	F	11	52	M'chstr.	F	10	50
Biarritz	C	13	55	Melbne.	R	16	61
Bmghm.	F	11	52	Milan	S	17	63
Blackpl.	C	11	52	Mntreal	C	16	61
Bordx.	R	11	52	Moscow	R	10	50
Boulgn.	F	11	52	Munich	C	8	46
Bristol	R	9	48	Nairobi	S	27	81
Brussels	F	9	48	Naples	F	18	64
Budpst.	R	10	50	Nwcstl.	S	11	52
Cairo	S	29	84	N. York	S	16	61
Cardiff	R	9	48	Nice	S	19	66
Cas'b'ca	C	21	70	Nicosia	S	27	81
Cape T.	S	27	81	Oporto	F	15	59
Cologne	F	9	48	Oslo	C	12	54
Cpnhgn.	F	12	52	Paris	F	12	54
Corfu	F	24	75	Perth	C	15	59
Dublin	R	10	50	Prague	C	9	48
Dbrvnk.	R	18	64	Reykjvk.	S	0	32
Ednbgh.	F	11	52	Rhodes	S	28	82
Faro	S	22	72	Rivadh	S	36	97
Florence	F	19	66	Rome	F	22	72
Frankft.	F	11	52	Salzbrg.	F	8	46
Funchal	F	23	73	Seoul	S	22	72
Geneva	C	8	46	Stckhm.	C	12	54
Gibraltar	S	22	72	Strasbg.	C	12	54
Glasgow	R	10	50	Sydney	C	19	66
G'rnsey	F	11	52	Tangier	S	20	68
Helsinki	F	12	54	Tel Aviv	S	26	79
H. Kong	F	29	84	Tenerife	F	18	64
Innsbrk.	R	4	39	Tokyo	F	21	70
Invrnss.	R	9	48	Tunis	F	24	75
I.o.Man	C	10	50	Valencia	S	20	68
Istanbul	F	27	81	Venice	C	12	54
Jeddah	S	32	90	Vienna	R	8	46
Jersey	F	12	54	Warsaw	R	8	46
Jo'burg	F	29	84	Zurich	R	5	41
L. Plms.	C	24	75				

C—Cloudy. F—Fair. R—Rain. S—Sunny.

Steep rise in Government borrowing this year

BY DAVID MARSH

BORROWING BY central government rose sharply during the first half of the 1980-81 financial year, reflecting higher than planned public spending and a financial squeeze on the electricity and coal industries.

The Treasury believes that higher revenues during the next few months will reduce the need for borrowing in the second half, bringing central Government fund-raising for the whole year in line with targets.

There is considerable doubt, however, in the City whether the overall public sector borrowing requirement—which includes local government and nationalised industry borrowing as well as that of the central Government — can be held to the official £8.5bn target. Many analysts forecast an overshoot of about £2bn.

Central Government borrowing from April to September rose to £7.77bn, 17 per cent higher than in the same period last year, according to Treasury figures published yesterday.

Borrowing at the half-way stage thus totalled 83 per cent of the £9.31bn that is the Government's target for the whole year. Nationalised industries are expected to make a positive contribution to the PSBR.

Last month central government borrowing was relatively low at £800m, compared with £1.6bn in August and £1.74bn in September, 1979. But this was due to the payment at the beginning of September of £1.09 bn of petroleum revenue tax by the oil companies.

The Government is relying on public sector asset sales, the usual heavy New Year tax payments and Britain's £570m EEC rebate, due in the first quarter of 1981, to reduce central Government borrowing needs over the next six months.

The main underlying problem remains higher than budgeted public spending. During April to September, consolidated fund expenditure, the largest component of central Government spending, was 27 per cent higher than in the same period last year, compared with a Budget forecast of a 20 per cent rise for the whole of 1980-81.

Part of this was due to high defence spending in the early months this year. The persistence of the problem is, however, underlined by a 29 per cent increase in consolidated fund spending in September, compared with last year.

Borrowing by nationalised industries from central government has also risen faster than expected. During the first half of the year, it totalled £940m, more than £100m above the amount allowed in the Budget for the whole year.

Much of this has represented borrowing by the Electricity Council and National Coal Board ahead of increases in energy prices to be put into effect in coming months. One reason why the industries are borrowing more is their need to finance higher coal stocks because of the recession.

One bright spot for the Government is that revenues this year have been buoyant. Consolidated fund revenue during the first six months, like spending, was 27 per cent up on the same 1979 period, against a Budget forecast of 20 per cent for the whole year.

Inland Revenue receipts for the six months—including the petroleum revenue tax payments —were up 17 per cent, thanks partly to higher income tax revenues generated by wage inflation.

Customs and Excise receipts rose by 40 per cent, reflecting the higher rate of Value-Added Tax introduced in last year's Budget.

Japan uses less oil as economy grows

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN is managing to consume less oil and yet maintain a growth rate of over 4 per cent this year according to estimates published in Tokyo.

The figures partly explain the apparently unruffled reaction to the Iran-Iraq fighting by Japan, which imports 89 per cent of its energy requirements.

According to the Tokyo Institute of Energy Economics, a private but highly-regarded forecasting institute, Japan's energy consumption in the year to March 31, 1981, will be nearly 1.5 per cent less than in 1979-80. In future years, it says, the fall could be faster still — as much as 6 or 8 per cent.

Energy savings have meant that Japan's oil storage facilities including tankers moored offshore have been filled to the maximum and cutbacks in imports have become inevitable.

Some analysists expect this to lead to a sharp improvement in Japan's balance of payments. It could also explain why the yen has been showing remarkable strength on foreign exchange markets.

The Institute's forecasts go far to explain why the suspension of Iraqi oil shipments has not hurt Japan as much as might have been expected. Japan was buying 440,000 barrels of oil, nearly 10 per cent of its total imports, from Iraq on the eve of the Iraq-Iran war but would almost certainly have had to cut back its purchases later in the year because of slack domestic demand.

Nissan signs deal with Alfa Romeo

By Richard C. Hanson in Tokyo

NISSAN, Japan's largest motor manufacturer, and Alfa Romeo, the Italian State-owned car group, yesterday signed a joint-venture agreement to produce cars in Italy from 1983.

The venture, allied to modernisation plans at home and expansion projects abroad, is leading Nissan to seek capital. The group is expected to float a domestic issue of 50m shares, at current prices having a value of Y35bn (£70m).

It is also considering an international issue of 50m shares, aimed at Arab oil-producing countries. It is being planned in the form of European Depositary Receipts.

Nissan's Alfa deal side-steps criticism Page 5

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further pain that would inevitably be inflcited through spending cuts.

"We cannot avoid difficult choices just by refusing to make them," he said. "Once they have been made we must not chicken out. One choice we have all made and that is to give priority to the fight against inflation."

He intended to continue the systematic search for cuts in the public sector through tighter cash controls, primarily by cutting out the fat rather than restricting services. But this might not always be possible, he warned.

Pruning local government was even more important than reducing the size of the Civil Service because of the numbers involved.

"Certainly we shall cut the fat, but it cannot all be done the easy way and it cannot all be done without pain. We have had to look and we shall have to go on looking at spending programmes that are popular as well as unpopular," he warned.

The Chancellor went out of his way to praise the efforts of BL to seek a more sensible approach because of the world competition it faced. He urged other State-owned industries to follow the example set by Sir Michael Edwardes, BL chairman.

At a conference fringe meeting Mr. John Biffen, chief secretary to the Treasury and the Minister responsible for public spending, rejected the suggestion of a Right-wing member of his audience that aid to BL and other "lame ducks" should be ended.

Carter shows his new colours

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

President Jimmy Carter took his re-election campaign back on the road yesterday, promising to show more "reticence" in attacking the character and record of Mr. Ronald Reagan, his Republican opponent.

In a television interview on Wednesday night, the President confirmed what Mr. Jody Powell, his Press Secretary, had intimated earlier: that it may have been a mistake to go so far in labelling Mr. Reagan a racialist, a warmonger and a man unfit to meet the demands of the Presidency.

Mr. Carter denied he had been mean or vindictive in his assaults on Mr. Reagan and he certainly did not apologise for them. His Republican opponent, he said should share the blame equally for any lowering of the tone of the campaign.

"Some of the issues are just burning with fervour in my mind and in my heart," the President said with remarkable candour, "and I have to speak sometimes extemporaneously and I have gotten carried away on a couple of occasions."

Mr. Carter added that though his rhetoric might become less strident, the thrust of his criticism against Mr. Reagan would remain the same.

His opponent might not be a "warmonger," but his declared intention to abandon the strategic arms limitation agreement with the Soviet Union was "a shocking and very profound departure" from traditional American policies.

The President immediately showed his new colours in a campaign stop in Tennessee yesterday morning.

He simply reversed a controversial passage in a speech he had made in Chicago on Monday, when he said a Reagan presidency would divide "Black from White, North from South, Jew from Christian," what he—President Carter—stood for, he said, was the unity of these disparate elements, thus casting Monday's negative in a more positive light.

The political question centres on how much damage the President has inflicted on himself by his previous onslaughts and his admission of excess. The polls had shown in the last two weeks that he was no longer making up ground on Mr. Reagan.

His virulence had made him appear less presidential and Mr. Reagan, in contrast, almost moderate and statesmanlike. One of Mr. Carter's most valuable political assets has always been the public perception that he is a decent man, and he seemed to be debasing this currency.

But switching tactics in mid-campaign is itself risky. Mr. Reagan can, and will, suggest that this is just another example of a Carter policy "flip-flop." On Wednesday night, the Republican candidate tartly observed it would be "fine" if the President "decided to straighten up and fly right."

Mr. Carter was particularly concerned that the U.S. media had become so preoccupied with his rhetoric that it was giving Mr. Reagan a virtual free ride by eschewing critical looks at his campaign. This is a process which may not speedily be reversed—and election day is less than a month off.

The changed Carter approach does not mean that the fundamental premise of his re-election effort—to make Mr. Reagan, not his own record in office, the principal issue before the public —has altered.

Mr. Carter would like to engage Mr. Reagan in televised debate, which he had himself shunned last month because Mr. John Anderson, the independent candidate, was also invited. But Mr. Reagan is proving elusive.

War of words, Page 25

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.